



Daily Report

Latin America

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CARICOM Official Notes Improvement in Summit Agenda

FL0712153694 Bridgetown CANA in English 2313
GMT 6 Dec 94

[FBIS Transcribed Text] Georgetown, Guyana, Dec. 6, CANA—Deputy Secretary General of the Caribbean Community (CARICOM) Dr. Kenneth Hall says CARICOM states are now more satisfied with the issues up for discussion at this weekend's Summit of the Americas in Miami. Speaking to reporters at the Georgetown-based CARICOM secretariat Tuesday, Dr. Hall said the Caribbean viewed with pride the contributions they have made to the summit agenda. "My general sense now is that despite some of the shortcomings of the process of coordinating 34 countries and getting their inputs, what we are saying is that the process, whatever its shortcomings, has produced a document with which Caribbean countries can identify," he added.

Dr. Hall observed that the general recommendations of the Caribbean representatives at the meeting is that this is a document which is now clearly more "in tune with the heads of government priorities". Citing examples, he said the issue of debt which was included in the last draft of the summit agenda, the link between the trafficking in drugs and arms and the Guyana proposal for development and prosperity were major areas of concern to CARICOM which were on the summit agenda. "What is more, is now several leaders have now seen this as an opportunity to discuss some of the key issues," Dr. Hall said. He reported the issue of bananas had now taken a special place on the agenda of the conference. Up to a week ago, bananas were not considered as an agenda item. "My understanding now is that a special meeting on bananas is scheduled for Friday 9th to discuss the issue of bananas. So when we add all of those issues, it is evident that we have every reason to feel satisfied," he said.

33 United States ambassadors and 33 ambassadors of the countries accredited to the U.S will attend the Miami meeting of the 34 heads of state from the hemisphere. The summit ends with a public plenary session at the Miami Hyatt Regency hotel.

International Labor Groups Protest Summit Agenda

FL0812130694 Bridgetown CANA in English 2155
GMT 7 Dec 94

[FBIS Transcribed Text] Washington, Dec 7, CANA—The International Confederation of Free Trade Unions and the Inter-American Regional Organization of Workers (ORIT) complained Wednesday of the exclusion of workers' rights from the agenda of this weekend's Summit of the Americas in Miami.

They said while the summit's planners are launching an American Free Trade Agreement that includes protections for the owners of capital, they were only giving "lip service" to similar protections for workers.

"For more than two decades, working people in the Americas, both North and South, have seen our standard of living fall and poverty and inequality increase as our countries enter the global economy to compete for international investment by lowering labor standards," they said in a joint statement.

"The draft summit declaration will insist that the Hemispheric Trade and Investment market be governed by the rule of law. On the other hand, compliance and observance of recognized international labor standards related to freedom of association, collective bargaining, child labour, discrimination at the workplace, and forced labor, will not be mentioned."

They warned there could be a "further weakening" of laws that protect workers and trade unions' rights and health and safety while increasing the freedom of businesses to exploit men, women and child workers in the struggle for competitive advantage.

"In the end, business will also lose as workers become increasingly unable to buy their products," they calculated.

The trade union bodies said they had hoped the summit would have "put people first". Instead, it was devoid of meaningful attention to the social problems that afflict the vast majority of people in the hemisphere, they charged.

Parlacen Approves Resolution Condemning Proposition 187

PA0812005894 Guatemala City PRENSA LIBRE in Spanish 7 Dec 94 p 3

[FBIS Translated Text] The plenum of the Central American Parliament, Parlacen, unanimously approved a resolution condemning Proposition 187, an initiative presented by California Governor Pete Wilson, Parlacen President Augusto Vela Mena announced.

Vela Mena urged the U.S. Supreme Court to declare the proposition unconstitutional because, as he said, it violates the human rights of illegal immigrants residing in that country.

He added that in addition to violating international laws, Proposition 187 is harmful to people's lives, those of their families, their health and welfare, as well as their right to social protection, even that of new citizens born in California State. Parlacen urged the legislatures of Central American countries to come forward and condemn the proposition.

They requested solidarity from the Andean Latin American Parliament, the Mercosur [Common Market of the South] Legislative Commission, and the European Parliament in supporting the Central American presidents' position in defense of the U.S. immigrants' human rights.

In the same resolution, Parlacen requested support from the UN Economic and Social Council, particularly from the organization's office of the assistant secretary for human rights, as well as a statement concerning the violation of human rights contained in California's Proposition 187.

Finally, Parlacen urged the international community to support its resolution through international organizations.

Private Sector Supports Central American NAFTA Membership

PA0812021894 Panama City ACAN in Spanish 2359 GMT 7 Dec 94

[FBIS Translated Text] San Jose, 7 Dec (ACAN-EFE)—Central American private enterprise organizations today asked the NAFTA countries for special treatment so the region can aspire to join that trade zone.

Jose Manuel Salazar, executive director of the Federation of Private Enterprises of Central America and Panama (Fedepriap), said Central America should set this goal to "neutralize" the negative impact that Mexico's entry into NAFTA, along with the United States and Canada, has had on the isthmus.

In a proposal promoted among the presidents attending the Summit of the Americas in Miami, Fedepriap also

asked the United States to approve the Interim Trade Program (PIC) and establish the conditions for access to NAFTA.

The program, which is offered by the United States and will permit the marketing of Central American textiles in the United States, was not approved this year due to disputes between Congress and the Clinton administration, but it is hoped that it will be approved in early 1995.

According to Salazar, the United States must make a decision regarding the process of moving toward free trade on the continent. This includes the negotiation framework, institutional aspects, negotiation of timetables for tariff reductions, and measures to help the transition.

He also called for the summit to issue a mandate so the OAS and the Inter-American Development Bank (IDB) can work to "establish clear rules and facilitate trade by identifying tariff and nontariff obstacles."

Fedepriap also requested that the summit explicitly state that these institutions should work in close consultation with the private sector of the continent.

"Some groups in the United States believe that all negotiations to join NAFTA should be with large countries," Salazar said, adding that Central America must act with "a single voice" to make its aspirations to join NAFTA heard.

Cuba

Miami Group Protests Cuba's Non-Inclusion at Summit

FL0712154094 Havana Radio Rebelde Network in Spanish 1000 GMT 7 Dec 94

[From the "Doing Radio" program]

[FBIS Translated Text] A demonstration in Florida to protest Cuba's non-inclusion in the Summit of the Americas has been announced by Antonio Maceo Brigade Coordinator Andres Gomez in Miami. It is scheduled for the afternoon of 8 December.

Miami Police Protection Denied

FL0712222894 Havana Radio Rebelde Network in Spanish 1800 GMT 7 Dec 94

[Telephone interview with Andres Gomez, coordinator of the Antonio Maceo Brigade, in Miami, by Maria Elena Alonso, in Havana; from the "National Radio News"—recorded]

[FBIS Translated Text] [Gomez] We met on 16 November to plan a demonstration to take place at Bicentennial Park in the heart of Miami during the world summit. We plan to express our concern over Cuba's exclusion from this summit because we believe this decision by the U.S. Government, promoters and hosts of the summit, falls within the traditional framework of aggressive anti-Cuban policies. The Miami Police Department has unfortunately chosen to deny us police protection, as required by a demonstration such as ours in the heart of the city. This refusal is due to the traditional attitude of the extreme right-wing, which violates and uses force against any demonstration we sponsor. There are over 5,000 reporters from around the world here to report on the summit. If the extreme right attacks us tomorrow, the world will have the opportunity to witness their violence and anti-democratic tactics.

[Alonso] Just before we went on the air, you told me that a news conference was going to be held today.

[Gomez] A news conference is going to take place. It will serve to air our concerns over the point I just mentioned, as well as to demand the immediate lifting of the economic blockade—in essence and purpose, a genocidal policy—by the U.S. Government. We also plan to demand the immediate, unconditional release of over 32,000 Cubans, who are currently living under terrible conditions at the U.S. bases in Guantanamo and Panama.

[Alonso] That was Andres Gomez, coordinator of the Antonio Maceo Brigade, referring to the demonstrations planned for Miami in reaction to Cuba's exclusion from the world summit scheduled to begin in that city on 9 December.

OAS Said Determined To Play Leading Role After Summit

PA0712154494 Havana PRENSA LATINA in Spanish 1136 GMT 7 Dec 94

[By Tomas A. Granados]

[FBIS Translated Text] Havana, 7 Dec (PL)—Seeking to recover the credibility lost during years of dictatorships and U.S. interventions, the OAS is determined to play a leading role after the hemispheric summit meeting Washington is preparing for this weekend.

The OAS will be in charge of supervising negotiations for the creation of what the summit convened by President William Clinton intends to call the American Free Zone [ZALCO] according to reports confirmed in Washington today.

The 33 countries Washington has invited to Miami have agreed to start these negotiations in January 1995 and to finish them on 31 December 2005 according to an action plan to be approved at the summit.

The U.S. ambassador to the OAS, Harriet Babbit, has said: We need several mechanisms to implement the action plan that will be signed by the heads of state. The OAS will play a very important role after the Miami summit for this reason.

Cesar Gaviria, the OAS president and former Colombian president, has said in this regard the Miami Summit, to be held 9-11 December, "will be the OAS' best chance to play a significant, modern, and active role in the construction of the continent's future."

Gaviria favors the OAS carrying out tasks other than supervising the creation of the ZALCO, such as playing a "direct role" in settling conflicts threatening democracy and "anticipating and offsetting" any pressures threatening to undermine the region's democratic institutions.

Political analysts in Havana recall "the new OAS" charter since halfway through 1992 includes an amendment, proposed by Argentina and objected to by Mexico, with Jamaica and El Salvador abstaining, allowing the organization to penalize any member country that strays from the standards Washington regards as democratic.

In addition, the OAS held a conference in Buenos Aires in March for a consensus on the hemisphere's security in the midst of repeated rumors about the organization having its own version of the "Blue Helmets."

The first mission of these forces would have been in Haiti, but the involvement of the situation in that country prompted the United States to have its own troops handle the operation to dislodge from power the coupist officers of General Raoul Cedras and to reinstate in office President Jean-Bertrand Aristide in Port-au-Prince.

Anyway, U.S. Defense Secretary William Perry expects that what he terms an informal consultation mechanism between U.S. and South American military officers can be created after the Miami summit.

The Miami meeting, to be held over the weekend, is based on the new "hemispheric convergence" and "collective defense of democracy" theory, which Alexander Watson, the U.S. under secretary of state for Inter-American affairs, explained in detail halfway through this year.

The White House understands the convergence theory as Latin America's and the Caribbean's identification with the foundations of U.S. foreign policy: preserving national security and stimulating economic development and democracy as the only legitimate form of government in the world.

In agreement with this theory, OAS spokesmen stated again and again in the past few weeks that the OAS should expand its activities from now on so as to strengthen democracy through what they describe as "stimulating a culture of democracy throughout the region." The spokesmen also referred to the need for in-depth changes in the OAS. These changes should include "revising the traditional view of the principle of nonintervention."

The excessive zeal at times in preserving the principle of nonintervention brings about paralysis, decreasing the possibility of the OAS helping solve problems," the sources added. [no opening quotation mark as received]

After its military setback in Somalia in October 1993, the U.S. Government issued a directive for a hypothetical participation of U.S. troops in an OAS joint force. This participation would take place should international security be threatened, during a natural disaster, or to face brutal human rights violations.

Mexico, Central America To Broach Migration Issue at Summit

PA0612184494 Havana PRENSA LATINA in Spanish
1619 GMT 6 Dec 94

[Report by Miguel Lozano]

[FBIS Translated Text] Mexico City, 6 Dec (PL)—Although it was left out of the United States' initial proposal for the so-called Miami hemispheric summit, Mexico and the Central American countries intend to discuss at that meeting the migration issue and discriminatory practices in the region.

Several of the Central American presidents who attended Mexican President Ernesto Zedillo's inauguration on 1 December expressed in Mexico City their plan to act as a bloc in expressing their opposition to the racist Proposition 187, which was approved recently in California, and its possible expansion to other states.

Although there is a risk the issue will be lost in the more than 20 conclusions or declarations which, according to preliminary estimates, are to be adopted at the meeting between 9 and 11 December, the determination of this group of countries is viewed in Mexico City as an expression of widespread rejection of and fear of a possible expansion of xenophobia in the United States.

Mexican diplomatic sources have told local reporters they will propose that a paragraph on the defense of migration rights be added to the conclusions. Migration rights are a very sensitive topic in Mexico, because an estimated 3.5 million to 4 million Mexicans live in the United States.

The opposition Party of the Democratic Revolution (PRD) asked the Mexican president yesterday, at a Chamber of Representatives hearing to approve Zedillo's participation in the Miami summit, to demand respect for undocumented Mexican workers in the United States.

The PRD also asked Zedillo to establish at that forum the unconstitutionality of so-called Proposition 187, which denies undocumented immigrants and their families access to education and medical services.

Zedillo warned in his inaugural speech his administration will defend the rights of all Mexicans "beyond the borders," and he earned one of the strongest rounds of applause with that assertion at the inaugural ceremony.

It is also said among local diplomatic circles Mexico is supported by its other two partners in the Group of Three, Venezuela and Colombia, in its desire to broach the migration issue at the Miami summit.

The spread of a xenophobic wave in the United States, which began with the adoption of Proposition 187 in California, was widely rejected in Mexican society, which even considered the possibility of boycotting U.S. products in rejection of the law.

Robaina Meets with Algerian Prime Minister

FL0712183894 Havana Radio Rebelde Network in Spanish 1000 GMT 7 Dec 94

[From the "Doing Radio" program]

[FBIS Translated Text] Cuban Foreign Minister Roberto Robaina has begun a visit to Algeria, after which he is scheduled to travel to North African and middle eastern countries.

In Algeria, Robaina met with Prime Minister Mokdad Sifi to discuss issues of mutual political and economic interest. They agreed on the need to establish trade relations beneficial to Cuba and Algeria, and to present a joint project for the forthcoming social development summit, called by the United Nations for March in Denmark. Robaina thanked Sifi for Algeria's vote supporting the resolution against the U.S. blockade of Cuba during the U.N. 49th General Assembly.

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Meets With Algerian President Zeroual

FL0812031194 Havana Radio Rebelde Network in Spanish 1800 GMT 7 Dec 94

[From the "National Radio News"]

[FBIS Translated Text] Algerian President Liamine Zeroual, on 7 December, met with Cuban Foreign Minister Roberto Robaina, who arrived yesterday to conduct an official visit as part of a tour of Middle Eastern nations. Following the meeting, Robaina stated that he briefed the Algerian leadership on the situation in Cuba, and on its efforts against the blockade. Robaina will meet today with Prime Minister Mokdad Sifi.

On 6 December, Robaina met with Algerian Foreign Minister Mohamed Salah. On 8 December, he will travel to Tunis.

Trade with Great Britain 'Emerging and Flourishing'

FL0712190394 Havana Radio Rebelde Network in Spanish 0000 GMT 8 Dec 94

[From the "Exclusive" program]

[FBIS Translated Text] Great Britain has turned into a new and better trade possibility for Cuba during the last year. The foremost proof of this is the fact that since 1988 there has not been a commerce officer in Great Britain's embassy in Havana City. Seven months ago (John Stevenson) occupied this post.

Since Ian Taylor's visit to Cuba, the participation of Great Britain's private business sector in Cuba has increased. (John Stevenson) has stated that trade relations between Cuba and Great Britain have gone past the point of promotion and market assessment and have reached the level of researching and developing new investments. (Stevenson) added that courting British investors' good will is what is now needed.

Some of the most important British firms working in Cuba are; (Cheneca), who has an agreement with the sugar industry ministry and the chemical agricultural sector to produce fertilizers which are used mainly in the sugarcane harvesting process; (Unilever), who will soon reach one year of its joint venture with the Suchel enterprise; (Premier Consolidated Oils) and recently (British Borneo) signed an oil exploration agreement with the basic industries ministry. If it has a positive outcome, results from this at-own-risk agreement should be obtained in the next four years.

(Stevenson) has stated that Cuba is an emerging and flourishing market and that in 1995 British firms may increase their investments in Cuba.

Industrial Markets Sell State, Private Goods

FL0512184294 Havana Radio Rebelde Network in Spanish 1700 GMT 29 Nov 94

["Straight Talk" program with host Carlos Santana and guest Osvaldo Rodriguez]

[FBIS Translated Text] [Santana] What do want to discuss today?

[Rodriguez] First, I want to greet our listeners. I have been away from this program for a while due to other duties in BOHEMIA magazine and other Radio Rebelde programs.

I would like to again discuss the issue of the industrial and crafts markets. You know that these markets, scheduled to open on 1 December, have been discussed broadly at all levels; and although the debate has not been as intense as when the farmers' markets opened, many opinions have been expressed.

[Santana] What have you heard?

[Rodriguez] That the participation of the state is a novelty. There are crafts fairs throughout Cuba, where self-employed workers sell their productions. What is new is that in this market, state enterprises, particularly local industries, will be the majority of the entities participating. The workshops from many enterprises that use scraps to make so-called marginal productions, will also participate in these open markets in fairs and fixed locations, porches, or anywhere where they are installed, according to the conditions and nature of each facility.

[Santana] What seems to worry the people—since you mention the state's participation—is the possibility that items sold in these markets will be hot, the same way many things are today. Thus, theft would increase at the enterprises.

[Rodriguez] That is true. Undoubtedly, many of the things that so-called craftsmen sell....[pauses] I say so-called out of respect for true artisans, true artists who do great things with their hands; you only have to take a look at the fair on G Street in Havana. This is also the case with Trinidad's craftsmen, and some coastal towns that do marvels with stones, shells, and every other natural resource. The others, the so-called craftsmen, are simply salesmen of a product made by someone else, and know nothing of how the products are made. It is true that logic tells you many of these products have a questionable origin—perhaps made by a craftsman but the raw material has an illicit origin because steel or iron sheets, or Pique stove parts, are not sold to the public anywhere. Undoubtedly there is something more behind this situation.

However, I ask myself, are we going to stop the sale of the product because we assume the source to be illegal? Is it not better to sell these products after they have been stolen, and therefore put them to good use, and have those industries where they have been stolen from go and see, because it is important to see....[pauses] I cite the case of Pique stoves, because there are no parts available when one goes to the state stove workshops. However, there are all types of parts for Pique stoves in these craftsmen fairs. Is it that the Pique stoves factory, or the

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people, or the workshops, are not aware that these parts are being stolen there? Do they not need to take steps to avoid the theft? Is it good to stop thieves from selling parts in the fairs, only to have them selling them nonetheless in the black market?

Therefore, I do not believe the solution is to throw out the baby with the bathwater, but to go to the problem's origin. Once the people have taken or stolen the goods, and sold them in the markets, we at least know that our Pique stoves....[pauses] I am broaching this issue because the vast majority of Cubans, myself included, cook with kerosene. Thus, stove parts are essential in every Cuban home, and we all know that they are not available at the state's repair centers. However, we can buy them now in these fairs—perhaps at exorbitant prices, when one notes it costs approximately 50-60 times the state's price to assemble a stove—but at least the parts are available.

The warehouses are the ones that need to prevent the theft. The concerns are justified, yet stopping the public sale of the merchandise is not the solution, because they are going to be sold anyway.

[Santana] Do you believe that there will be competition as a result of private individuals and state enterprises selling in these markets, and that the state is in a disadvantageous position?

[Rodriguez] The conditions are the same for state and private individuals. The law of supply and demand works for both of them, therefore establishing equality. Likewise, both parts have the choice to sell whatever they wish. The state has the benefit of a steady supply—perhaps not steady, but constant nevertheless, despite occasional shortages of some raw material or another. Thus, the state has an advantage over private individuals, who, on the other hand—at least currently—have a better display, and also better quality in many products. I am not going to say that this applies to all merchandise, that every product sold by private individuals is superior. There are industrial products which cannot be made at home where certain processes are not available.

I believe that the state and private individuals are equal, though perhaps the state needs to change its pricing policy; and this is beginning to happen. Private individuals immediately lower prices when products do not sell, and also increase them with good sales [con boya]. If one buys three products instead of one, a private salesperson will give a 10 percent discount, or give some discount for quantity. However, the state does not do this for multiple reasons and, therefore, is at a disadvantage. They should realize that the price battle could be lost unless there are changes.

[Santana] Since we are broaching the pricing issue: many people assume that the state will participate in the industrial and crafts markets to lower prices. What do you believe?

[Rodriguez] I do not agree. Furthermore, I believe that if the current policy in Cuba is to try to reduce the currency

in circulation, or in bank accounts, then it is not fair or logical—and I am not saying this as a consumer, because this would be beneficial from that perspective, but as a patriot who looks after the country's best interests—for the state to participate in a contest to lower prices.

However I do believe, that the state should set fair prices. As the main producer of most of the products to be sold in the markets, the state could ultimately create a monopoly which decides prices that private individuals would be forced to match. But there should be no mistakes, because there are products which are overpriced, as well as some which are underpriced. We realize that there have been wrong pricing policies in the past, because sometimes the quality of the goods produced did not correspond with their prices.

[Santana] Markets answer to the law of supply and demand; hence, what is the importance of changing the pricing policy during the process of economic transformation which Cuba is undergoing?

[Rodriguez] It will undoubtedly boost production, which is currently completely depressed—perhaps not completely because there are some goods still produced, but as a Cuban, I am prone to exaggeration. Production is partially depressed; however, it will receive a boost when products begin to sell for higher prices. This will affect enterprises as well as workers. I would like to discuss this issue further, because I believe that an interesting competition will develop in the job market.

[Santana] Will there be an exodus of state workers towards self employment?

[Rodriguez] I was recently discussing this issue with a state industry official, and we had different points of view. I suggested implementing some measures, and studying a different type of compensation to replace the current payments to craftsmen or state workers, because otherwise, an exodus could take place if it has not happened yet....[pauses] He was telling me that currently there has been an increase in the number of state workers, approaching 130,000 workers. I agreed; however, I pointed out that industrial and craft markets were not an option in the past as they are now. We Cubans are honest, we like to stay within the law; however, being self-employed is legal nowadays, and therefore this exodus could happen.

I suggested offering bigger incentives as a solution. State workers are going to receive a ten-percent profit-share on the price difference, but I believe this amount is not big enough. There should be more incentives added to the list of state workers' benefits, which include guarantees such as paid vacations, social security, job security, union membership, and union incentives. All these are important advantages in the current situation; advantages which are not available to self-employed workers.

State workers, however, receive only a small amount of the sale price of the goods they produce. This could be

enough under other circumstances, but with the current cost of living, workers hope for better compensation. They could achieve this performing self-employed activities. Hence, serious measures, and even bold steps I would dare say—I was telling this to the official I mentioned—need to be implemented to avoid the drift of state workers to self-employment, which also carries fewer ties. When one is the boss, there is no fixed schedule: one still needs to comply with some obligations, however there is better compensation for the efforts.

Castro Inaugurates Melia Cohiba Hotel

FL0812015694 Havana Cuba Vision Network in Spanish 0100 GMT 7 Dec 94

[From the "NTV" newscast]

[FBIS Translated Text] Early this morning, Commander in Chief Fidel Castro, president of the Councils of State and Ministers, chaired the awards for the more than 90 percent of the [words indistinct] of the Melia Cohiba Hotel and the complete illumination of that important tourist installation.

Fidel was present, along with members of the Blas Roca Contingent and other forces that participated in the completion of the Melia Cohiba Hotel. This five-star Hotel has 462 rooms and 22 floors. Fidel toured the interior of the hotel, accompanied by Juan Mario Junco, head of the Blas Roca Calderio Contingent, and other party and government leaders. He viewed the lobby, some of the rooms, and the restaurant, where on one of the wall tiles he wrote the date of his visit and his wish to memorialize this historic moment.

At about 0200 local time, Fidel began the ceremony with the builders. The Cuban president described the Melia Cohiba as a monumental project, not only because of its size and quality, but because of the challenges that needed to be overcome in order to complete the project in the midst of the special period.

[Begin Castro recording] There were many obstacles. Our partners did not have enough funds. The projects were behind schedule. Many difficulties began to emerge that delayed the construction of the project. But the construction of the hotel had already begun. We decided to build the hotel with national funds. Even if it costs the skin off our backs, we decided that this hotel could not remain the way it was. We had to do it. We said: Let us get the funds from wherever we can get them; let us complete the projects; and let us complete the hotel. [end recording]

Commander in Chief Fidel Castro said he found the thought of this hotel being 100 percent Cuban and the total property of the nation very nice, even though in seeking experience and a secure market of tourists, it will be jointly managed by the (Sol-Melia) hotel chain.

[Begin Castro recording] But this hotel has been completed, taking into account the flooding caused by sea penetration. The Riviera Hotel is being adapted and prepared to resist such natural effects. But this hotel has been built with preventative measures in case of flooding. You can see that the first floor is high. There are walls so that when the water level rises, it does not reach the halls of the hotel.

It is truly an impressive project. [words indistinct] A hotel such as this one has never been built in Cuba. The fact that we completed this hotel during the special period is a great and extraordinary feat. [applause]

Nothing that has been built before is similar to this, not only in size, but in quality as well. We can feel proud of this project and the fact that our people and the construction workers are capable of waging such a battle.

Now we have a great hotel here. This will help us collect funds and collect foreign currency. If we have to spend millions on projects that are being completed, to prevent flooding in this zone, then we need that money. This hotel will generate important resources for the country. This hotel will generate jobs for many workers. This hotel will be the pride of our city.

Just hours ago we inaugurated an excellent center for scientific research and production that will generate important revenue in foreign currency for the country, aside from the benefits it will yield to our people. The fact that we were able to inaugurate, in 1994, two important projects such as these, and others, is reason enough to feel encouraged and hopeful.

In spite of the enormous obstacles, the disappearance of the socialist bloc and the USSR, the unipolar world, and the empire's strength, we are capable of doing things such as these, which have never been done in Cuba and which are being done at great savings in materials and fuel.

In the past, we used to use more than 700 kg of cement per cubic meter of concrete. Today we are using approximately 300 kg. Just look at how we have been able to save. Just look at how, in spite of these difficulties, we are learning to be more efficient. On the day when the nation begins to recover from this great tragedy, we will be able to use the work force, material resources, and economic resources more efficiently. [end recording]

Fidel underscored that the construction workers, besides completing this project, also knew how to boldly confront the enemy on 5 August

[Begin Castro recording] The builders of this hotel have not only been capable of completing a project that impresses all of us, which makes us all proud, but also knew how to be the first in the political battle to face those who thought the days of the Revolution were numbered.

For five years now they have been making calculations. I am sure they will be doing the same in another 50, even 500 years, trying to figure out when the Revolution will end.

Even though we are a small country in the Caribbean, just an inch away from the empire at the Guantanamo Naval Base, and just km away from the State of Florida, we are a nation with a dignity that very few countries have demonstrated; with value and decisiveness that very few peoples of the world have had; and with a capacity for sacrifice that very few peoples in the world have had. That has not only been demonstrated today. [applause] It was demonstrated yesterday as well. It was demonstrated by Cespedes, Maximo Gomez, Maceo, Agrmonete, and Marti fighting for ten years with nothing, and struggling for approximately 30 years for the independence of this country so that it could later be turned into a Yankee neo-colony.

And we are not willing to become a Yankee neo-colony ever again. And if our heroes struggled for 30 years, we are willing to fight 300 years, but we will preserve our independence and sovereignty. [applause]

These are the men of our times. And those who have the privilege of living in this era will be honored in the future. They will always be remembered as the small country that knew how to resist everything; as the small country that when left alone did not fear or hesitate, but decided to fight and continue fighting, not only for honor, or for glory, but for victory.

And on this morning, as we look at this hotel, we realize that we can do it, that there are possibilities for victory. And when we remember these hardhats [cascos blancos] confronting the antisocials on 5 August and displaying the Revolution's iron fist, we know that yes, we can do it, that there are possibilities for victory.

These men did not go there to kill anyone. They did not go there to destroy anything. They went there to defend the achievements of the Revolution. We do not know of any enemy who died from a bullet fired by our guardians of order, because we are not cruel. The blood shed was ours. The sacrifices made were ours, because our blood and sacrifices were created to fight against powerful enemies. They were created to shed the last drop of blood against the empire that controls the unipolar world. We did not train or prepare, nor did we use tanks or machine guns to fight against the undesirables. We have these weapons, but truly powerful enemies must know what the children of this heroic people are capable of if someday they dare to invade this soil. [applause]

Let us congratulate these construction workers, these exemplary compatriots, on this day, or on the dawn of construction workers' day, because everyday and every dawn will be construction workers day. We hope that you remain united and that you continue building new hotels, perhaps not as tall as this one, but as beautiful, and even more beautiful, than this one.

Today, tourism really does not need skyscrapers. It needs other types of edifices that are not as tall, or complex. It is true, in some places, there is less space and the hotels must be higher, but where there is space we will make a

different type of hotel. That is how we are working. That is how we are building our hotels. We will, someday become a tourist power just as we are becoming a scientific power. Someday, that branch will represent thousands of millions of income for our country.

[Words indistinct] so much, it has struggled for a better life. It has resisted the harassment of the empire just 90 miles away. With our effort, sweat, and intelligence, we will reach those goals and we will keep ourselves even more pure and revolutionary, because as we have said on other occasions, virtue is cultivated in the fight against vice.

Our people cannot live in an ivory tower. We will be virtuous in spite of the vices that might surround us. We will remain virtuous in spite of the vices that might be brought here. Not all of them are brought here because many of those who visit this country bring sympathy, admiration, and recognition for our heroism. Many of them bring resources. Sometimes the vices do not come from abroad. Sometimes they appear right here, just as worms appear in decomposing flesh.

But we, this noble, heroic, proud, and worthy people—regardless of the circumstances, even if half the world were to pass through here with all their vices, or regardless of what happens—are and will always be a virtuous people. That is what we expect of the new generations because dignity, pride, patriotism, [words indistinct] the glorious work of the Revolution cannot be sold or exchanged for a bowl of lentils. [applause] The glorious work of the Revolution lives and will always live, and future generations will always feel proud of us.

Socialism or death! Fatherland or death! We will win! [Crowd shouts: We will win!] [applause][end recording]

Ministry Official, Economist on Economic Model

PA0612164294 Havana Radio Havana Cuba in Spanish
0000 GMT 6 Dec 94

[Report by Maria Elena Samper; from the "Evening Information Review" newscast]

[FBIS Translated Text] Cuba's socialism is inserting itself in an international setting with regulations different from those with which we have lived for three decades. These regulations are pushing us into shaping an economic model that will allow us to function efficiently and with flexibility without renouncing the social model. This objective cannot be reached without planning, but it must be scrubbed of concepts and procedures that were characteristic of the past few years.

Jesus Chia, of the Economy and Planning Ministry, talks about these characteristics:

[Begin Chia recording] Planning in Cuba was highly centralized and drafted with a basis on the planning principles of the Soviet Union and the former Council for Mutual Economic Assistance. These principles were

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based, especially, on adjustments and an association of material resources that were annually agreed on in the framework of what was known among the socialist countries as the national coordination process.

Cuba has been making adjustments in recent years, as has been reported. Measures, decisions, forms of cooperation, and plans have been adjusted with a basis on policy changes that logically have been introduced, meaning we can establish differences between a short-term and even a middle-term situation, with us still searching for our own economic and planning road, and a long-term and more effective effort during which we may draft a development strategy.

We have been introducing a series of changes and modifications to the economic model. We could list them all. Basically, they consist of an opening, effective planning, the classification of self-finance plans using foreign exchange, and associations with foreign capital. Planning has been making efforts to adapt to this situation. [end recording]

The main transformations include the emergence of private Cuban organizations, individual private businesses, the organization of markets based on standardized prices for agricultural and other consumption goods, and measures aimed at eliminating internal financing problems.

In the elaboration of projects for 1995, Cuban economists have taken into consideration measures aimed at a gradual decentralization of planning and at putting more emphasis on economic problems, considering fundamental macroeconomic and social aspects and the economic efficiency of productive processes.

Gregorio Rodriguez, an economist, comments on this issue:

[Begin Rodriguez recording] Planning as of 1995 sets requirements—let us call it that—and they include the state sector, meaning enterprises will have a productive commitment with the state. This measure will set productive commitments enterprises will have with the state and will serve to harmonize the economy from the point of view of what the state requires and the possibility efficient enterprises will have to take surpluses to the market, jointly with another enterprise or directly, contributing to the national economy.

Another aspect could be the development of inter-enterprise and private enterprise operations and the adoption of measures that would lead to the elimination of material adjustments to give emphasis to the optimal utilization of resources with a basis on particular considerations pertaining to the economic functioning of enterprises.

Another significant aspect is the granting of foreign exchange credits to organizations that [words indistinct] and the incorporation of bank credits; this is also new. [end recording]

It is necessary to establish in planning a reasonable balance between centralization and decentralization so as to permit a gradual move toward the drafting of increasingly integral plans at the enterprise level that should guarantee autonomy to productive economic efforts.

Superior state organizations will see that plans are in harmony with strategic economic-development conditions at the global and sector levels. The conditions are ready for giving shape to a flexible Cuban economic model open to new mechanisms and decisions that will favor the country's insertion into the world's market economy.

Committee Chairman Ochoa Expects Boost in Cuban Economy

BR0612151094 Madrid EL MUNDO in Spanish 3 Dec 94 pp 4-5

[Article by Ramon de la Cruz Ochoa, National Assembly Constitutional Affairs Committee chairman: "Cuba: Socialism With Market"]

[FBIS Translated Text] "Socialism with a market" is an expression which appeared in the Havana press Sunday, 20 November. It was uttered by Minister of Finance and Prices Jose Luis Rodriguez, one of the ministers responsible for the Cuban economy, at a provincial meeting in Havana City in which hundreds of economists of the Cuban capital took part.

This, which could seem unimportant to many people, marks, in my opinion, an important stage in the changes in the Cuban economy and their economic thinking in explicitly acknowledging that the market does not conflict with the Cuban project's social aims, that the market is also not inseparable from capitalism, and that, therefore, a society which plans socialist aims must contend with market forces.

These statements were preceded by newspaper commentaries, statements by economists, and factual evidence, in which it was clear that the economic changes that are occurring in Cuba are leading to the market, without this meaning that they necessarily break with the principles of social justice that have hitherto characterized the Cuban revolution. Recourse is being made to the market as a stimulator of production and as an important instrument which will lead to the attainment of an economic model combining efficiency with social justice.

The background is clear. When European socialism disappeared, the Cuban economy had to depend on the capitalist countries' capital, technology, and market, and it was therefore imperative to open up and enter into a process of accommodation. Although at first this opening looked like something short-term and temporary, reality has shown that this is continuing longer than expected and could therefore become a real economic reform.

The measures adopted from 1990 onward, but especially in 1992 and 1994, could be characterized by an increasing presence of foreign investment, which, although it began in areas such as tourism, today includes sectors which could be deemed strategic, such as telecommunications, nickel, and even the vital sugar industry, which as Council of Ministers Secretary Carlos Lage recently announced, is open to foreign investment.

Another important aspect of the changes which have occurred lies in the free movement of convertible foreign currencies and further facilitating self-employment. This has resulted in the almost doubling in a year of these workers, who operate on their own outside enterprise activity, providing services, working as craftsmen, and so forth, in short, in a great variety of activities, and who now total 160,000 jobs outside the state sector. Of great importance is the transformation of state agriculture into cooperatives, for which over 2,600,000 hectares have been handed over, and the creation of an agricultural market in which the supply of products develops freely, without previously fixed prices, as well as the creation of the same mechanism for industrial products.

Of interest are the changes in the functioning of the state enterprises; changes which have not been completed but which are aimed at giving them greater authority and independence, operating in accordance with self-financing and with direct access to the external sector, putting into effect the breaking of the state monopoly prescribed by the constitutional reform of 1992.

The changes which have occurred are numerous. We have mentioned only the most important, but I must not end this list without mentioning the law on the tax system approved by the National Assembly in its summer session. This law fills a vacuum of over 20 years when there were no tax regulations because the state's revenues were obtained mainly from state enterprises. Of great importance is the policy of reorganizing finances approved in the National Assembly in May and the fact that positive signs are now beginning to be observed with the withdrawal from circulation of 1.629 billion pesos (equivalent to the dollar at the official exchange rate) in five months, making it possible to forecast a more rapid fall in the excess money in circulation than was originally estimated. This is causing positive reactions such as previously unsought demands for labor, a fall in prices on the black market, and a revaluation of the peso against the dollar; signs that a financial recovery is occurring which, together with other measures which are being adopted, should bring about the necessary economic recovery.

This process of changes is being carried out step by step without traumas and preserving many social gains, which is undoubtedly a challenge for the economic model being built.

I believe it is already possible to foresee a society in which the principles of social justice, such as free education and public health, the enjoyment of social security

and welfare, and the principle that no citizen should be unprotected, will be maintained and developed. It is possible for these principles to exist within a diversity of forms of ownership in the agricultural and service sectors, joint enterprises, and other forms which investments of foreign capital could adopt, in conjunction with a strong state enterprise sector with efficient forms of business management, resulting in an effective restructured and self-managed state enterprise.

Ambulatory Care Program Begins for AIDS Patients

FL0512224994 Havana Radio Rebelde Network in Spanish 1800 GMT 5 Dec 94

[From the "National Radio News"]

[FBIS Translated Text] The Cuban program against AIDS involves extended specialized care for patients. Training for internists began on 5 December in the Pedro Curie Institute for Tropical Medicine. Reporter Elva Alvarez Carvajal interviewed Dr. Jorge Perez Avila, deputy director of the institute, and director of the Santiago de las Vegas Hospital.

[Begin recording] [Perez] Cuba has hospitals for the admission of seropositive patients, unlike anyone else, and now also has an ambulatory system. These two options give the program more flexibility. Additionally, the program is very humane because these seropositive patients, when ill or admitted, even continue to receive 100 percent of their salaries, depending on the case—or government aid. They also receive personal care, and specialized immediate health treatment, with the best currently available techniques.

The patients receive full care at no charge, which extends to their homes, through family doctors and nurses, and though the program is not perfect—there are few perfect things in life—it is still ideal in many aspects.

[Alvarez] Family doctors and nurses are trained as part of the Cuban program against AIDS so they can provide basic care for these patients, independent of their speciality in (IPECAC). The seropositive patients who wish to do so may get their care from the ambulatory system. Out of 1,094 patients, 147 have joined voluntarily, indicating concern for their own and other people's health. [end recording]

Program Discusses the 'Vanities' of the 'New Rich'

FL0612132994 Havana Radio Rebelde Network in Spanish 1700 GMT 25 Nov 94

["Straight Talk" program with host Carlos Santana Ojeda and guests Renato Recio and Eloy Concepcion]

[FBIS Translated Text] [Santana] Recently, our colleague from JUVENTUD REBELDE, Jose Alejandro

Rodriguez, published an interesting article entitled *Vanities and Essentials* in which he focused on a problem evident in life in Cuba, which we want to discuss with journalists Eloy Concepcion and Renato Recio.

Eloy and Renato, Jose Alejandro suggested that there are people who are becoming presumptuous now that they are working for corporations, for foreign firms. I ask you, is this a normal human tendency or is it an aberration?

[Recio] Well, the issue that Jose Alejandro brings up is very important, because he focuses on a potentially troubling issue. Cuban society may work it out, but it could be problematic. There are already signs among those who are earning high wages—high dollar wages at that—which is not bad so long as they earn them by working. However, in my opinion, it is negative for Cuban society to see people hot-rodding, squealing their tires, purposefully showing off their new cars, and dressing conspicuously. There are even people who send their children to school with fancy snacks, knowing that the child next to them has only bread to eat. These individuals must take the responsibility to watch out for and curb this behavior. I am not talking about a monastic moralism, I am simply saying that the Cuban people have never approved of ostentatious behavior, or gross inequality. I don't know if Eloy has made the same observation, but I have noticed this.

[Concepcion] The issue that our dear friend Jose Alejandro brings up merits discussion because, although I don't believe the problem is widespread, there are what I would call alarming signs. Renato mentioned some and one of the most obvious is the car problem. Every day in the streets I see them arrogantly running red lights and speeding in their brand new cars. These dear comrades are forgetting that they have secured these jobs thanks to the Revolution and the policies that the Revolution has maintained, and will continue to maintain in the future. I am not saying all of them act this way. However, the thing that worries me most—Renato touched upon it—is the influence these comrades have on their families. Some exert this influence unconsciously; others perhaps consciously, as their subconscious capitalism, and affinity for a consumption society surface with the new policies—Cuba's opening to foreign businesses, corporations, joint ventures, etcetera—reveals their deep-seated consumption habits, their desire to be capitalists, frustrated capitalists, I would say. These individuals have begun to pass these characteristics on to their families. They are not thinking about the other families on the block who are living with shortages. I am not saying that they do not have this right; I think they have the right to work in these sectors. Any comrade that works in tourism, or in a joint enterprise, should have the same rights I do, as everyone does. I am in complete agreement with their right to these possibilities, these benefits; I am not against that. I am suggesting, however, that those who have benefits because they work in the tourism sector, or in a joint enterprise, do not have the right to be arrogant, to flaunt their advantage in the face of those

less privileged, or those who do not have access to these benefits, just to show off and boast that their children are better, that they have things that other workers' children do not have access to.

[Santana] Renato, do you think the fact that people have become pretentious just because they work for a corporation has anything to do with the developing tendency towards consumerism?

[Recio] Well, we have talked about people who work for a corporation, but there are also those who receive remittances, who work in tourism and receive tips. A great number of people have recently raised their standard of living. Here, Carlos, is where they become the new rich. You are aware that in every country in the world there is a segment of the population that gets rich quickly and therefore begins to act out, to seek attention with extravagant life styles, extravagant dress; this is an expression of their vanity. This is what Jose Alejandro was talking about in *Vanity and Essentials*. I definitely believe that, for a long time the capitalist world has been creating a philosophy of consumption: that is to say, that a man begins to be valued for what he owns, not for what he is. People attribute prestige and dignity to a man not for the real human values he possesses but rather because of the way he dresses, the car he drives, the things he owns, etcetera, etcetera. This is actually a nullification of humanism; a nullification of the purest social philosophy. We believe, at least I believe, that a man's value is determined by who he is, what he has in his heart, by his behavior, his generosity, his capacity to think and work, his culture—values that are not determined by the clothes he wears, or by the shoes he wears, or the car he drives. I want to say that, of course I believe our people should struggle to improve their standard of living. The Cuban people deserve a high standard of living. But, to my way of thinking, the higher standard of living we achieve should never be related with the idea that a person doesn't live just to be a human being, but to reach a standard of appearances, and follow examples that we have certainly never had in Cuba.

[Concepcion] I think we should also point out that we are talking about a rather delicate issue, in my opinion, because it has to do with comrades' morale, way of life, etc. However, I think the majority of the workers in the tourism and corporation sectors are very hard-working people who are not arrogant or vain. As a matter of fact, hundreds and thousands of workers in these sectors support the health sector by donating their tips; they give good service to the public, and are very conscientious and effective in their jobs in tourism and corporations.

However, Jose Alejandro's article is important because it alerts us to the problem and we wanted to discuss it on this program to raise public awareness of this completely negative behavior. Recently I saw a late model car parked on the street, and next to it a man and his whole family were sitting on the sidewalk drinking cans of beer and coke. I am not against anyone drinking beer or coke,

or dressing however they want. I think this is fine, this is their choice and people understand that; but I am opposed to someone driving 100 kilometers an hour down the street, throwing their beer cans out the window. This ludicrous type of behavior aptly demonstrates that there are certain comrades in this sector who do not understand why the Revolution has taken the steps to open up to joint ventures, corporations, and tourism. I believe we must, therefore, continue to highlight this issue, and that it is proper to raise awareness of it.

[Santana] Renato and Eloy, are your comments being influenced by egalitarianism? I think that our current economic situation does create this type of social contradiction.

[Recio] No, I don't believe so. I don't consider myself guilty of the sin of egalitarianism. People must work and receive rewards according to their efforts, and logically, current economic conditions do create inequality among people. However, what I am condemning is the vanity, this attitude, this lack of manners, this wanton disregard for others. Many times we have seen a family with poor parenting practices raise their standard of living, and pass on these bad habits to the children. These habits are not taught at work; they are not taught during conditions of economic austerity; they are not taught in a poor country, in a country where your children's friends don't have these resources—so the end result is children who do not respond to the upbringing that their parents were supposed to have given them. We have seen this happen. I believe that this vanity, this philosophy of conspicuous consumption, will spread to all those who have jobs that give them extra income to consume.

[Concepcion] There is another shocking thing. In view of our current economic situation, I would like to make a case for the efficient use of resources. Many times, it is not the corporation or tourism worker, or any such person who has certain warranted benefits, but rather, their children or friends, who are exhibiting this behavior. It is not uncommon lately to see several new cars, privately licensed to people from these sectors, being driven around wasting gas on the weekends. They should watch this because these are resources that the state needs. I think the vanity problem—as Jose Alejandro was saying, the essence of it—is the lack of clear understanding on the part of workers, of the objectives sought by developing tourism, corporations, joint ventures, or even by developing the possible benefits attached to these jobs. I recently visited some tobacco workers, and petroleum workers—that is to say, all workers who have these benefits—and in these sectors you will not see the arrogance, the vanity. What occurs is that there are people, as I pointed out at the beginning, who have a latent desire to be a consumer and a capitalist, and these desires are surfacing now that they have the opportunity, creating this absurd vanity that is disruptive in a society struggling through a period of extraordinary shortages. It is the example of the many

workers in the sector who donate their tips, who support the public health sector by buying medicines with their earnings, that must be followed.

[Santana] I think that is a good note on which to end the program.

[Concepcion] Absolutely. There are manifestations of vanity, and consumerism, but there are also many people in Cuba who are not blinded by the brightness of consumerism, who are loyal to their cause, loyal to their roots, loyal to their essence; and that is the essence of Cuba, and the essence of our patriotism.

[Santana] Many thanks to our journalists Eloy Concepcion and Renato Recio.

Haiti

Aristide, U.S. Delegation Discuss Elections, Democracy

FL0712231394 Port-au-Prince Signal FM Radio in French 1130 GMT 7 Dec 94

[FBIS Translated Excerpt] U.S. officials met with President Jean-Bertrand Aristide on 6 December. Diplomatic sources report that on the morning of 6 December, Haitian President Aristide met with Deputy Secretary of State Strobe Talbott, Deputy Secretary of Defense John Deutch, and Sandy Berger, deputy counselor for the National Security Council of U.S. President Bill Clinton. The meeting, which lasted over one hour, took place at the private residence of the Haitian president in the eastern part of the capital and focused on restoration of democracy and the holding of legislative elections. [passage omitted]

The U.S. delegation, which also met with Haitian parliamentarians, General David Mead, head of the multinational force in Haiti, and officials from the international police monitors, left Port-au-Prince on 6 December.

Cabinet Head Details Meeting

FL0812012094 Port-au-Prince Radio Metropole in French 1700 GMT 7 Dec 94

[FBIS Translated Text] President Aristide recommended the creation of a provisional electoral council on 6 December during a reception with U.S. officials, who were in Haiti to investigate the situation there. The U.S. officials present were Deputy Secretary of State Strobe Talbott, Deputy Secretary of Defense John Deutch, and Sandy Berger, President Clinton's adviser on security matters. President Aristide's cabinet chief, Lesly Voltaire, defined President Aristide's 6 December working lunch with the U.S. officials as productive. Voltaire indicated that members of the Clinton administration praised the work accomplished by President Aristide on reconciliation in Haiti. Talbott, Deutch, and Berger discussed with President Aristide such topics as the U.S.

troops, disarmament, the January Republican assumption of U.S. Congress leadership, but especially the question of holding legislative, municipal, and local elections in Haiti.

The president recommended the formation of a Provisional Electoral Council to organize the elections. Let us listen to the president's Cabinet chief:

[Begin Voltaire recording, in Creole] The president announced that he has been holding consultations, on 6 December and today, with the two parliamentary offices so that a Provisional Electoral Council could be created. He does not believe that he should choose the date because the Electoral Council is an independent body. He is therefore doing his best to help create the Electoral Council, but it will be only after the nine members are appointed and have become independent that they will decide on a date for elections.

Sandy Berger and John Deutch stressed that the transition from the multinational force to the UN force, the technical and military assistance mission in Haiti, will be an easy transition that will barely be noticed, and that moreover, it will be a U.S. commander who will lead the new forces. The U.S. spokesmen guaranteed that the reduction in the number of U.S. troops—from between 8,500 and 9,000 now, to 3,000—will be gradual, taking until 7 February 1996, hardly noticeable.

On the subject of disarming, the deputy secretary of Defense stated that he did not believe disarming was part of the role of the multinationals. The president too believes that the multinational force should not be in charge of disarming, but rather should accompany the ad interim police force in the disarming process. As an example of successful collaboration, he referred to the joint efforts of the multinational force and the Haitian police force led by Colonel Neptune, which succeeded in catching College Francois, the suspected murderer of the two U.S. Embassy employees. That was a prime example of cooperation, he said, which shows how the work can be done. [end recording]

U.S. Government Signs \$15 Million Donation Accord

FL0712235294 Port-au-Prince Signal FM Radio in French 1130 GMT 7 Dec 94

[FBIS Translated Text] The Ministry of Information and Coordination advises that today, 7 December, at 1030, a donation agreement for \$15 million will be signed at Villa d'Accueil by the U.S. Government, a contribution toward payment of Haitian Government arrears to the International Development Bank, the IMF, and the World Bank. The U.S. Government will be represented by Ambassador William Lacy Swing and Mr. (Kwendall), and the Haitian Government by Prime Minister Smarck Michel, Cabinet head Philippe Rouzier, Finance Minister Marie Michel Rey, and Commerce Minister Maurice Lafortune.

Funds To Fill Gap Between Humanitarian Aid, Reconstruction

FL0712224694 Port-au-Prince Signal FM Radio in French 1130 GMT 7 Dec 94

[FBIS Translated Excerpt] The Haitian Government, the OAS, and the United Nations issued a call from Washington on 6 December in an effort to raise \$78 million to meet Haiti's immediate needs prior to the establishment of long-term structural reforms. OAS Secretary General Cesar Gaviria stated during a news conference that this aid will be used to alleviate the country's most urgent needs in four priority sectors: agriculture; education; health, including water supply; and the creation of jobs. A joint communique states that these funds should fill the gap between the humanitarian aid already available in Haiti and long-term development and economic reconstruction programs. UN Special Envoy Lakdar Brahimi asserted that 70 percent of the Haitian population is living below the poverty level.

Let us point out that the next six months will probably be critical for the future of the country. The population must face a significant decline in per capita income with the loss of public services, the abandonment of infrastructures, an unproductive private sector, and catastrophic problems for the environment, says a joint report. This results in aggravated malnutrition, especially among very young children, and an increase in the number of parasitic and infectious diseases, one of the main causes of mortality in the country. [passage omitted]

Haitian Prime Minister Smarck Michel explained yesterday in Port-au-Prince that the call, issued jointly with the United Nations and the OAS, is aimed at relieving poverty. The \$78 million, requested on 6 December during a news conference in Washington, should cover the transition from humanitarian assistance to the country's reconstruction program, said Michel, speaking from Villa d'Accueil where the prime minister's office is located. May this be an opportunity to consolidate this solidarity pact, which the people are desperately expecting from us, the prime minister stated in his short speech.

The leader of a Haitian educational foundation, Antoine Levelt of the National Sponsorship Fund, said in a statement to AFP that he is concerned about the deadline for the release of these funds, although the emergency is acknowledged and willingness to provide aid does exist. [passage omitted]

Aristide Reaffirms Commitment to Free Speech

FL0812004694 Port-au-Prince Radio Metropole in French 1900 GMT 7 Dec 94

[FBIS Translated Text] Members of the local and international press were received this morning by the president of the Republic. Jean-Bertrand Aristide reasserted his commitment to freedom of speech. This was part of

a series of meetings with the various sectors initiated by the head of state after his return to power in Port-au-Prince.

Executive To Announce Electoral Council Decision 8 Dec

FL0812004594 Port-au-Prince Radio Metropole in French 1700 GMT 7 Dec 94

[FBIS Translated Text] It has been learned that the government will provide its opinion on the formation of an electoral council on 8 December. According to a note issued by President Aristide's special cabinet, two working sessions were held, in Tabar and at the National Palace, on 5 and 6 December, among representatives of the executive, the Senate, and the Chamber of Deputies regarding the opportunity for creating a provisional electoral council. The discussions went well and results of the two assemblies are expected from the respective offices. A satisfactory solution is expected by Thursday, according to the note.

Trinidad and Tobago

Patrick Manning To Deliver Keynote Miami Summit Address

FL0812115794 Bridgetown CANA in English 1832 GMT 7 Dec 94

[FBIS Transcribed Text] Port of Spain, Trinidad, Dec. 7, CANA—Trinidad and Tobago's Prime Minister Patrick Manning will lead a delegation to Miami on Thursday to attend the Summit of the Americas and the annual Miami Conference on the Caribbean and Latin America.

Manning will also deliver the keynote address at a plenary dinner on the first day of the Miami conference, a statement from the prime minister's information division said. His wife Hazel will also speak at a symposium on Children of the Americas on the invitation of the wife of the United States President, Hillary Rodham Clinton.

At the Summit, the prime minister will advance the concerns of the two islands on the specific question of micro-enterprise development and engage in discussion on a range of issues including security matters. The country will also have the opportunity to raise the question of access to the North American Free Trade Agreement (NAFTA). It is expected that the Summit will issue a declaration of principles, as well as a plan of action to be implemented throughout the hemisphere in the areas of trade, health, drugs, and arms trafficking as well as science and technology.

Between December 9-11, separate meetings will take place on finance, foreign affairs, and the question of continued access to the North American and European markets for bananas from the Caribbean Community (Caricom).

The Miami conference will allow for discussions between public policy and private sector leaders on hemispheric cooperation and integration opportunities in the public and private sectors, business needs and challenges, and government impediments to trade and investment, sustainable development, including the protection of the environment and human resource development.

While in North America, Manning will also visit Houston, Texas, where Trinidad and Tobago will be promoted as the major center in the Western Hemisphere for the development of energy-oriented industries. Among the organizations which he will visit are Amoco, Texaco, Conoco, and Cabot Corporation.

**Marcos Issues Communique on Cease-Fire,
Governor-Elect**

*PA0712171694 Mexico City Canal 13 Television Azteca
Network in Spanish 1300 GMT 7 Dec 94*

[Report by Lilly Telles on a communique issued by Subcommander Marcos, of Mexico's EZLN, in Chiapas on 6 December; from the "Early Morning" newscast]

[FBIS Translated Text] The Zapatist National Liberation Army [EZLN] and Subcommander Marcos have threatened from Lacandona Jungle to discard their commitment to keep the cease-fire if Eduardo Robledo assumes the governorship of Chiapas.

Subcommander Marcos said at a news conference yesterday in Aguascalientes, Chiapas:

First, not to recognize the Institutional Revolutionary Party member scheduled to be the new head of the Chiapas state army; second, to view the inauguration of Eduardo Robledo Rincon as a formal break with the cease-fire by the government; third, to recognize Amado Avendano Figueroa as constitutional governor of Chiapas State; fourth, to declare territories occupied by the civilian population that backs our just cause as rebel territory; fifth, to invite Amado Avendano Figueroa to head the popular rebel government in the southeastern state of Chiapas; sixth, in line with the unilateral formalization of the cease-fire break by the federal government, the EZLN considers itself free of its commitment to maintain the unilateral cease-fire decreed by the General Command on 12 January 1994 and approved on 10 June 1994.

It is interesting to note that the EZLN communique is quite similar to an advertisement published in the national media on 1 December. That advertisement was signed by intellectuals and politicians, including Adolfo Aguilar Zinser, Adolfo Gilly, Cuahutemoc Cardenas, Everto Castillo, and Jorge Castaneda.

Official results of the Chiapas election indicate the following figures:

Eduardo Robledo Rincon: 501,611 votes

Amado Avendano Figueroa: 347,162 votes

The difference between the two candidates is large enough to fill Mexico City's El Zocalo Plaza.

**Chiapas Governor-Elect Willing To Resign for
Sake of Peace**

*PA0712172794 Mexico City XEW Television Network
Spanish 0430 GMT 7 Dec 94*

[Interview with Eduardo Robledo, governor-elect of Chiapas State, by Jacobo Zabłudovsky in the studio in Mexico City; from the "24 Hours" newscast—live]

[FBIS Translated Text] [Zabłudovsky] Greetings. This is such a nice surprise. Please sit down.

[Robledo] Thank you very much.

[Zabłudovsky] Here is Eduardo Robledo, governor-elect of Chiapas. You are scheduled to take over two days from today.

[Robledo] Yes sir, two days from today.

[Zabłudovsky] We are so pleased to have you here with us.

[Robledo] It is my pleasure to greet your vast audience and to be able to voice our confidence tonight in the future of Chiapas.

[Zabłudovsky] I avail myself of your presence here, which is a bit of a surprise, to ask you about what the president of the republic just said about Chiapas. The president said that everyone, with regard to the armed groups, has to yield and that everything will be done according to the Constitution. What is your position?

[Robledo] The people of Chiapas gave the world a great lesson on 21 August, because they went to vote in the midst of a truce, determined to save themselves. The elections were exemplary and very special. More than 25,000 people from Chiapas organized the elections, which were observed by more than 4,000 Mexicans and foreign visitors.

More than 1 million residents of Chiapas voiced their truth and determination without shedding a drop of blood for the sake of the future of the state. We must honor the determination and decision of the people of Chiapas in order to change the things that must be changed in the state so that we can have the democratic changes the state requires. We need to strengthen the state of law, to respect the law, to launch the big change. To do so, I have plans for a pluralist administration, a broad government with the participation of all the forces and organizations so that we can go about the democratic changes Chiapas demands. We support a respect for the law and want to be able to turn this moment of Chiapas into an opportunity. We must be capable of making a big change and be at the political vanguard of the country.

[Zabłudovsky] You will be installed as governor of Chiapas in two days. President Zedillo has said everyone has to yield in order to attain a rapprochement. How far are you willing to yield, and what would you yield?

[Robledo] I would yield everything for the sake of peace. I would yield everything for the sake of peace in my state. I would resign tomorrow if the EZLN [Zapatist National Liberation Army] were to lay down its weapons tomorrow.

[Zabłudovsky] You would be willing to do that?

[Robledo] For the sake of my people, I would be willing to do that in order to save my people from a confrontation. The people of Chiapas are very clear in what they want. They want peace, peace and calm. They want to

face the tremendous problems they have, such as unemployment and poverty. That can only be done by attaining peace. I am the first one who is willing to yield in exchange for the group laying down its weapons.

[Zabludovsky] We must understand now at this point in this program that you are making an offer right now.... [pauses] You are promising you will resign your post of governor of the state if the armed groups at this time say they will lay down their weapons?

[Robledo] That is correct. I would be willing to do that, because—I repeat—more than 500,000 people from Chiapas who voted for me on 21 August had confidence in me, and they took this action for the sake of peace. They want to have peace. If I can contribute in this manner to attaining peace in the state, then this is the right time for this offer.

[Zabludovsky] This is a very categorical offer. Will the president be attending your inauguration in two days?

[Robledo] Correct. We, the people of Chiapas, are waiting for him. We have great confidence and firmly believe in the future of our state and, of course, in the future of our nation. We believe the national dialogue that took place today in the Chamber of Deputies is a very special effort for the sake of the democratic progress we Mexicans need. We, the people of Chiapas, are convinced we are quite capable of being at the vanguard. This instant is an occasion and an opportunity for Chiapas. This moment is the hour of truth for Chiapas.

[Zabludovsky] Would you like to add anything else?

[Robledo] I want to reiterate my confidence in the great people of Chiapas who gave everyone a lesson on 21 August. Everything is possible with the people of Chiapas; they can contribute to the great change. The people of Chiapas are great and cannot be defeated.

[Zabludovsky] You are voicing a conciliatory position by the mere fact that you spontaneously showed up on this program without a previous appointment; you are opening up a possibility of peace in Chiapas. That is a fact.

[Robledo] Let us hope it will help.

Zedillo To Attend Inauguration of Chiapas Governor-Elect

PA0812023294 Mexico City Radio ACIR Network in Spanish 0000 GMT 8 Dec 94

[From the "Evening News Panorama" newscast]

[FBIS Translated Text] President Ernesto Zedillo Ponce de Leon will attend the inauguration of [Chiapas Governor-elect] Eduardo Robledo Rincon on 8 December. In Tuxtla Gutierrez, thousands of PRD [Party of the Democratic Revolution] peasants are now gathering in the main square and blocking highways and access roads to

Chiapas because they want to prevent Eduardo Robledo Rincon from assuming office.

Marcos said there will be war if Eduardo Robledo Rincon takes office. Zedillo replied: My government accepts neither ultimatums nor threats; we want dialogue, we want peace.

For his part, Eduardo Robledo Rincon renounced his PRI [Institutional Revolutionary Party] membership and said he would not assume office if Marcos agrees to lay down his weapons. Marcos, however, has not yet replied. It is 1830 now, and the inauguration is scheduled for 1100 on 8 December.

Chiapas Congress Demands Marcos Make Commitment to Peace

PA0812042194 Mexico City Radio ACIR Network in Spanish 0000 GMT 8 Dec 94

[From the "Evening News Panorama"]

[FBIS Translated Text] The Chiapas Congress, including the two opposition factions [as heard]—PAN [National Action Party], the Mexican Cardenist Party, and the Democratic Party of Chiapas [Partido Demócrata Chiapaneco]—demanded that Subcommander Marcos, as representative of the Zapatist Army of National Liberation [EZLN], make a serious commitment to ensure that firm steps will be taken to achieve peace in Chiapas.

In addition, the Chiapas deputies acknowledged Governor-elect Eduardo Robledo Rincon's decision to resign from the executive position if it would bring peace to the state and said it was an act of good faith and responsibility. PAN Deputy (Horacio Culebro Boraya) suggested that if Robledo and Marcos are willing to take steps in favor of peace in the region, the Chiapas Constitution allows for the establishment of an interim two-year government, which would prepare and call new elections based on new rules that will ensure the transparency and impartiality of the electoral organizations. According to (Culebro Boraya), such a government must be pluralistic and headed by a civilian. This, he said, will allow it to be a unifying factor among the political and social sectors in Chiapas.

Deputy (Jack Demostenes Munoz), the Democratic Party of Chiapas representative, demanded that Subcommander Marcos make a public commitment to surrender his weapons. He also acknowledged the importance of Robledo's willingness to resign in exchange for peace and said this should be studied by the EZLN.

PRI [Institutional Revolutionary Party] Deputy (Francisco Zoa Lana) emphasized Robledo's love for Chiapas and said his decision to trade the governor's post for peace was an example of this love. The PRI legislator also demanded that the EZLN contribute with serious commitments to further a process to end the conflict, which has been going on for almost a year.

Government Protests U.S. Release of Former Police Commander

PA0812005994 Mexico City LA JORNADA in Spanish
6 Dec 94 p 9

[FBIS Translated Text] The Mexican Foreign Relations Secretariat (SRE) yesterday sent the U.S. State Department a diplomatic note expressing its disagreement with a decision made by the District Court in McAllen, Texas on 2 December to release Guillermo Gonzalez Calderoni on bail.

Referring to Mexico's extradition request, the SRE stressed that the Texas court's decision sets a "negative precedent" that is contrary to the bilateral interest of fighting drug trafficking and corruption.

Given the current extradition treaty's "laxity and liberality"—incidentally, it was ratified only a few days ago—the SRE says it has requested the U.S. Justice Department's intervention so the extradition request for the former Federal Judicial Police commander "can be successful." The SRE adds that "in the future, the judicial actions of a district court should comply with the extradition treaty" and with the spirit of cooperation and neighborly relations between the two countries.

An SRE communique criticized the decision of the U.S. judge, who granted freedom under bail to Gonzalez Calderoni. The SRE believes the decision "disregards the fact that the extradition procedure is diplomatic in nature and is therefore governed by a special regulation." The McAllen court handled the case as if it were dealing with local procedures.

The SRE emphasized that the Mexican Government's goal is to assure that it is successful in the numerous efforts the Mexican Government has made for Gonzalez Calderoni to have a fair and expeditious trial in Mexico, where he can answer the criminal charges against him.

The SRE indicated that the rejection of Mexico's extradition request "has set a negative precedent that does not contribute to the expressed willingness" for cooperation between both nations against drug trafficking and corruption. It also noted that the decision by the court of the neighboring nation "grants greater credibility to the defense's depositions than to the supporting documents sent by the Mexican Government."

The note emphasized that the Mexican Government considers the release on bail of the former federal police commander an attempt to question the case's legal foundation, which goes "beyond" the terms established in the current extradition treaty. This treaty was ratified after long negotiations and before the conclusion of the previous administration.

Zedillo Holds First Meeting With Senators

PA0812040594 Mexico City Radio ACIR Network in Spanish 0000 GMT 8 Dec 94

[From the "Evening News Panorama;" passages within quotation marks are recorded]

[FBIS Translated Excerpt] [Anchorman Jose Cardenas] The most important news of the day was the meeting held very early this morning by Mexican President Ernesto Zedillo Ponce de Leon with the senators at the Senate. Reporters Juan Carlos Escovedo and Rosie Ahuatzin Vasquez were there. Good afternoon, Juan Carlos, how are you?

[Escovedo] Good afternoon Pepe [nickname for Jose], Rosie, and listeners. As expected, Chiapas was the central topic of President Ernesto Zedillo's dialogue today with the senators of the 56th legislature. Access to the event was restricted amid tight security measures implemented by the presidential staff. The president arrived at the Senate at 0850. He was received at the door by the coordinators of the three legislative factions. The breakfast was held on the building's central patio. Fernando Ortiz Arana, president of the Senate's Grand Commission, welcomed Zedillo, viewing his presence as a symbol of respect for the legislative branch and the political plurality in the country. A new relationship is beginning between the branches of government, Fernando Ortiz Arana said.

[Ortiz Arana] "We are sure that respectful and [word indistinct] coexistence today opens new horizons for the good of the nation's democratic government. Thank you very much."

[Escovedo] The round of speakers began in the agreed upon order without much protocol but always with respect for each other. The representatives of the legislative factions explained their party's positions, among which there were many points of concurrence. Gabriel Jimenez Remus of the PAN [National Action Party], referring to the next budget law, called for true budget federalism so the states can retain their populations and avoid migration abroad. He also said the electoral [word indistinct] should end once and for all.

[Jimenez] "I feel and I imagine that in Mexico we are sort of in a nursery school for future (?democrats). [Words indistinct] let us end this phase of this electoral process [words indistinct] and if we have to recognize there has been progress [words indistinct] a different life for the legislature and national coexistence."

[Escovedo] PAN Senator Juan de Dios Castro hit a sore spot. As long as the law is enforced [words indistinct] in the Middle Ages, the will of the prince will continue to be above the law. Some applause was heard at this point. The PRD [Party of the Democratic Revolution] was next. Rector Sanchez, deputy coordinator, reiterated to the president that the government's trial by fire will be the electoral problems in Veracruz, Tabasco, and Chiapas. The president listened attentively and took notes. Next to him were Government Secretary Ernesto Moctezuma and Fernando Ortiz Arana [words indistinct] the PRD members proposed [words indistinct] make the dialogue obligatory [words indistinct] to carry out the judicial reform [words indistinct].

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[Unidentified speaker] "We ask ourselves [words indistinct] whether there will be freedom of speech, if the government you head will accept criticism from wherever it may come, because a few hours after you took office, 34 people were dismissed from the newspaper SUMMA, apparently because they [word indistinct] your decisions on the composition of the cabinet."

[Escovedo] Through Senator Cristobal Arias, the PRD faction, issued a call to Subcommander Marcos of the EZLN [Zapatist Army of National Liberation].

[Arias] "I issue a call to Subcommander Marcos to give politics and peace a chance over war, intolerance, and intransigence."

[Escovedo] He also urged the president to contribute politically in the area under his purview to resolve the conflict. Maria Elena Chapa of the PRI concluded the round of speakers. The senator stressed changes but within the framework of the law; distance between the PRI and the government but not a rupture; and changes in political practices, not only in the PRI but by everyone. This was said right before the PRD's (Felix Salgado) asked for the floor to ask the president some questions. Other legislators warned him to respect the agreement on the round of speakers. Outside the Senate building, PRI, PRD, and PAN members considered it a sign of goodwill that [Chiapas governor-elect] Eduardo Robledo told the EZLN he would resign as governor if it laid down its weapons. Pepe, that is our report.

[Cardenas] Thanks for your report, Juan Carlos. I would like you to tell us how you felt the appearance, the presence of Dr. Ernesto Zedillo as well as of the senators of three political parties [words indistinct] there are 128 legislators from three political parties.

[Escovedo] I can tell you that Dr. Ernesto Zedillo was well received at the Senate by all members of the various legislative blocs, the PRI, PAN, and the PRD. Without a doubt, the questions asked of him were varied, but [words indistinct] among the representatives of the legislative blocs as well as in Dr. Zedillo's statements. I think Rosie Ahuatzin can agree with this.

[Ahuatzin] That is true, Juan Carlos and Jose. I felt the dialogue was relaxed. President Ernesto Zedillo made his point excellently. At the beginning of his speech, Senator (Felix Salgado Macedonio) tried to interrupt him. He demanded his right to respond, but, of course, his participation was not included on the agenda, which had already been agreed upon by congressmen from the PRI, PAN, and the PRD. What Ernesto Zedillo successfully told him was that he was in the senators' home and would, of course, not break the rules they themselves had already established. That led to applause and, of course, great support for Ernesto Zedillo himself. For the first time in this dialogue between the president and the senators of the PRD, we heard a call made to Subcommander Marcos to reflect and to join the negotiations and dialogue [passage indistinct] Ernesto Zedillo, as

president of Mexico, insisted [words indistinct] the political life and citizens' participation starting with the president. Here is the answer to the PAN [word indistinct] himself.

[Zedillo, in progress] "...the laws that emerge from Congress. Never the prince above the law. Never a prince [words indistinct] as in our case."

[Ahuatzin] He said there should be no more princes. Ernesto Zedillo was able to resist this first defiant act by Senator (Felix Salgado Macedonio), who by the way, later left the premises and did not bid farewell to the president. Here Mr. President Ernesto Zedillo said the dialogue between the executive branch and all political forces should be given a chance. He said he will seek a redistribution of incomes but will also redistribute new responsibilities. He said he expects from senators their proposals for a new federalism. As for electoral reforms, Zedillo insisted that he will leave behind all [words indistinct]. No topic on the discussion table will be excluded from the national agenda. He also asked the legislators to take action. He talked about his initiatives to reform the justice system.

The dessert was the Chiapas case. Ernesto Zedillo said he joined without any reservations the calls being made to make dialogue a priority. Zedillo said we are concerned about violence, but we are more concerned about the reasons for poverty, injustice, and inequality. He asked the nonconformists in Chiapas to rectify their position. This is what he said regarding the commitment of the federal government.

[Zedillo] "We want nonconformists to become part of the solution to the economic, social, and political problems. The government does not want to unilaterally impose its criteria in the solution of this problem. That is why we will never tire of inviting nonconformists to join the dialogue, to clearly express their proposals to resolve the problems that have led them to become nonconformists. The government will not act like an authoritarian in this and or any other matter. That is why we have invited them to become part of the political negotiations and part of the solution." [passage omitted]

Attorney General Interviewed on Justice Reform Bill

PA0712015094 Mexico City XEW Television Network in Spanish 0430 GMT 6 Dec 94

[Interview with Attorney General Antonio Lozano Garcia at his office by Jacobo Zabudovsky at the XEW Television Studios in Mexico City; from the "24 Hours" newscast—live]

[FBIS Translated Text] [Zabudovsky] It has been learned that the president of the republic will present a bill to reform the federal judicial branch. Can you summarize the main points for us?

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[Lozano] Of course, Mr. Zabludovsky. This is an important reform of the federal judicial branch that will establish the foundations for reforms from top to bottom of the entire branch, as well as reforms in state legislation. In my opinion, the points that stand out in this reform bill include the restructuring of the Supreme Court of Justice, which, although it reduces the number of justices, it truly gives them the power of constitutional control over the other branches' actions. In addition, it includes the Senate's ratification by a two-thirds majority of Supreme Court nominees, placing emphasis on the qualifications required.

It also establishes a new procedure that will allow challenges before the Supreme Court of Justice concerning a particular law's constitutionality. This will benefit society. This initiative also lays the groundwork for effective coordination of national security. In the end, it also proposes strengthening the Attorney General's Office, making this institution more democratic by submitting the nomination of the federal attorney general to ratification by the Senate, and it will control the actions of the Attorney General's Office under the law.

[Zabludovsky] Mr. Attorney General, all of this sounds very nice, but, specifically, how will I benefit? How will the man on the street benefit—the taxi driver, the lottery vendor, the chewing gum vendor, the laborer, or the peasant? How will each of us benefit?

[Lozano] This will benefit all of us—the man on the street, all Mexicans—because the *de jure* state in which we all want to live will be strengthened. In other words, it will guarantee the protection of freedom, property, and security. In effect, it will ensure that the requirements of the Constitution are complied with when meting out justice, which must be prompt and swift. I want to stress that this is an important reform that begins with the restructuring of the Supreme Court of Justice, and this most certainly will affect all levels.

[Zabludovsky] Mr. Attorney General, what does this depend on to become a law?

[Lozano] It will depend on the approval by the Senate, the Chamber of Deputies, and the permanent Constituent Assembly. It goes without saying that the Constituent Assembly will have the last word. In the debate to take place in the Senate, the Chamber of Deputies, and the state legislatures, the bill can be enhanced, modified, approved, or rejected. We believe it is an important initiative to reform the justice system, which will foster a better framework to ensure that these demands, so greatly desired by society, can be achieved.

[Zabludovsky] Thank you very much, Mr. Attorney General.

Secretary Urges Industrialists on Development Projects

PA0712133994 Mexico City Canal 13 Television Azteca Network in Spanish 1300 GMT 6 Dec 94

[Report by Raul Sanchez Carrillo; from the "Early Morning" newscast]

[FBIS Translated Text] Herminio Blanco, commerce and industrial development secretary, has urged small- and medium-size industrialists to form a working team along with the government and from their respective positions that will make tangible the projects that will allow the sustainable development that meets Mexico's demands for jobs and salaries.

Meanwhile, Revenues Under Secretary Pedro Noyola has said on behalf of Finance Secretary Jaime Serra Puche they have planned a new program of fiscal adjustment that will allow mini-, small-, and mid-size businessmen to be treated differently as far as fiscal matters are concerned and to have better and more timely systems of payment. It is a simple fiscal policy for all businesses, and, above all, it is a framework that will allow the necessary development to dispense with idleness and bureaucracy at the Finance and Public Credit Secretariat. Blanco has pledged before all the country's industrialists to work every single day of his administration to meet the demands of the industrialists.

Business Group Forecasts 4 Percent Growth in 1995

PA0712030594 Mexico City Canal 13 Television Azteca Network in Spanish 1300 GMT 6 Dec 94

[Report by Gerardo Segura; from the "Early Morning" newscast]

[FBIS Translated Text] Business leaders have unveiled their growth forecast for the national economy in 1995. The country's businessmen and industrialists completely trust that the Mexican economy will do well. Business Coordinating Council President Luis German Carcova believes the nation is currently in much better shape to grow in a sustained and noninflationary fashion.

[Begin Carcova recording] We still believe we are heading in the right direction and that we are undergoing a very profound process of change that includes every sector of society. There is not one single sector that has been left out of this process. We must work through all of the upcoming phases intelligently, while promoting change and broadening the reforms the country is currently undergoing. [end recording]

Carcova presided over the opening of the 1994 National Industrialists Convention, which was organized by the National Association of Manufacturers. In an exclusive interview with Television Azteca, he spoke about the main challenges the business sector will have to face:

[Begin Carcova recording] Mexican society must be able to live in a *de jure* state that respects personal and material security, as well as legal security for all areas of the country's life. [end recording]

Carcova stressed that the trust Mexican businessmen have in the new phase the country is entering will strengthen the national economy, which is expected to grow, he added, by 4 percent in 1995.

[Begin Carcova recording] This is the first time I have commented on our forecast. We believe we will see 4 percent growth in 1995. We have the foundations to make this growth a reality, but it is very important to maintain the legal state. [end recording]

Roundup of Economic Developments

PA0512184194

[FBIS Editorial Report] The following is a compilation of reports on Mexican economic developments monitored through 5 December 1994.

The specialized publication TRENDS states international reserves of the Bank of Mexico dropped \$2.4 billion in only four days from 14 to 18 November, a drop which led to the speedy approval of the Agreement for Wellbeing and Economic Growth. It states in addition the international reserves fell \$9.4 billion in the second quarter (April-June) of 1994 due to the political uncertainty prevailing in the nation. (Mexico City UNOMASUNO in Spanish 28 Nov 94 p 1-13)

The Coordinator for Foreign Trade Business Organizations (COECE) has acknowledged that only 7 percent of Mexican exports go to Latin America and that only 4 percent are imported from that region. COECE has stated the nine Latin American nations with new trade treaties have a market of 65 million people, representing \$33 billion in imports annually. Mexico has only 2.5 percent of the total; therefore, it indicates there is a vast potential market. (Mexico City EL FINANCIERO in Spanish 29 Nov 94 p 23)

The evaluation criteria used in Mexico to quantify hydrocarbon reserves are the most modern and realistic used in the petroleum sector, giving assurance to the numbers reported by Mexican Petroleum (PEMEX), Eduardo Flores Megon, technical secretary of the National Commission of Petroleum, Gas, and Petrochemistry, said yesterday. A study by this commission confirms the proven reserves for 1994 totaled the equivalent of 64.5 billion barrels of crude. (Mexico City UNOMASUNO in Spanish 29 Nov 94 p 5)

The Secretariat of Commerce and Industrial Development (SECOFI) has reported foreign investment in November reached a six-year high when it hit \$1.6 billion, stating: "This high means a 300-percent increase with regard to the average monthly rate in the past six-year administration." SECOFI has stated 95 percent of foreign investments in November came in directly without obtaining any approval, while 5 percent required the approval of the National Commission of Foreign Investments. (Mexico City LA JORNADA in Spanish 29 Nov 94 p 56)

The Bank of Mexico reported yesterday that the withdrawal of 7.7 billion new pesos from checking accounts during the first 10 months of this year caused the average annual rate of cash in circulation to rise 33.6 percent. (Mexico City LA JORNADA in Spanish 29 Nov 94 p 56)

Francisco Rojas Gutierrez, PEMEX director, assured yesterday the proven hydrocarbon reserves at \$13 per barrel are worth \$850 billion, making this company the most profitable in Latin America. He reported in addition the parastate company contributed \$106 billion to the treasury in taxes and royalties at the end of this six-year administration. (Mexico City LA JORNADA in Spanish 29 Nov 94 p 59)

SECOFI has reported nonpetroleum exports grew at an annual rate of 14 percent during the current administration. A total of 575 "high exporter" companies were registered, and their sales surpassed \$4 billion. Whereas nonpetroleum foreign sales totaled \$44 million in 1993, these sales totaled \$38 million during the January-September 1994 period. (Mexico City EL FINANCIERO in Spanish 30 Nov 94 p 23)

The National Foreign Trade Bank of Mexico (BANCOMEXTL) has reported a trade deficit of approximately \$10 billion with Asia. Investments of the Asia-Oceania region increased 62 percent. It went from \$111.5 million in 1993 to \$187 million up to August 1994. Total trade with the region reached \$6.674 billion in 1993. Mexican nonpetroleum exports increased 108 percent compared to 1992. Japanese investment in Mexico was 4.7 percent of total foreign investment in Mexico, reaching \$1.658 billion. From January to June 1994, Mexico's total exports to Japan increased 24 percent, 42 percent in nonpetroleum products. BANCOMEXTL reports Mexican imports from the region were more than \$6 billion, and exports reached \$620 million in 1993. (Mexico City EL FINANCIERO in Spanish 1 Dec 94 p 20)

The Mexican Cement Company (CEMEX) signed a letter of intent last week to buy the state-owned Nicaraguan National Cement Factory for \$11 million. CEMEX would increase its production by 330,000 tons annually with this acquisition. CEMEX has invested over \$400 million in its continued expansion toward South American markets, having purchased the Venezuelan Vencemos Company and Panamanian Cementos Bayano. (Mexico City LA JORNADA in Spanish 1 Dec 94 p 55)

The Finance and Public Credit Secretariat has reported 269 state-owned companies were sold during the Salinas administration for 75.3 billion new pesos, which were used as foreign debt payment. The Zedillo administration will receive 246 state-owned companies of the original 1,155 owned by the state in 1982, when the program to reduce the size of the state began. The Unit for Corporate Breakup reports the sale of 249 state-owned companies (excluding banks and Asemex) produced 44.7 million new pesos. The sale of banks and Asemex produced 38.6 million new pesos. The Salinas administration was responsible for the sale of 418 companies out of a total of 1,011 corporation breakups since 1982. (Mexico City UNOMASUNO in Spanish 1 Dec 94 p 3)

The Mexican Inter-American Telecommunications Enterprise will buy Cuba's telecommunications system on an assets-for-debt swap basis according to a transaction designed and approved by BANCOMEXTL directors on 22 November. The deal will cancel the National Bank of Cuba's outstanding debt with BANCOMEXTL. The assets-for-debt swap program began in 1992, and three transactions have allowed the reduction of the National Bank of Cuba's debt to date with BANCOMEXTL by approximately \$350 million. (Mexico City UNOMASUNO in Spanish 1 December 94 p 14)

A 2 December, Mexico City-datelined item reports that Nicaraguan President Violeta Chamorro has announced the sale of a cement factory to Mexico; the sale will

reduce the Nicaraguan debt with Mexico by \$1 billion. (Paris AFP in Spanish 2216 GMT 2 Dec 94)

A 3 December, Mexico City-datelined item reports the Fisheries Secretariat has stated the United States has no reason to continue a tuna embargo against Mexico. Guillermo Compean Jimenez, director of the National Program for Tuna Exploitation and the Protection of Dolphins, has said the solution for the boycott is very simple and depends entirely on U.S. laws. Jimenez has said that the GATT ruled in favor of Mexico and that the dolphin is not an endangered species. He has said the embargo obeys political and not environmental motives. (Mexico City NOTIMEX in Spanish 2058 GMT 3 Dec 94)

Costa Rica

Figueres Urges Protection of Marine Biodiversity

PA0712235094 Mexico City NOTIMEX in Spanish
2037 GMT 7 Dec 94

[FBIS Translated Text] San Jose, 7 Dec (NOTIMEX)—The Costa Rican Presidential Palace announced today that President Jose Maria Figueres will call upon the international community to protect the biodiversity of the sea at the Summit of the Americas this Friday.

Figueres' press office said that "the president will dive into the Caribbean waters along the Miami coast in the predawn hours of Friday to ask for the rational use of marine biodiversity, which is threatened by overexploitation and pollution."

"This will be a symbolic act, which OAS Secretary General Cesar Gaviria will surely join. They will be accompanied by a small team of marine biologists and experts from several countries," the press office said.

By diving into the Miami waters, Figueres seeks to call for a coordinated international effort to increase protection of the sea and its biodiversity, which is much greater than that on land but less widely known.

According to the announcement, President Figueres will also proclaim his government's decision to name 1996 the "National Year of the Sea and its Resources".

The National Year of the Sea and its Resources will be the platform from which industry, tourism, and the community in general will make a joint effort to define clear ways to protect and utilize marine resources in a sustainable way.

The presidential press office said that land protection efforts in Costa Rica cover 519,575 hectares. Only 317,165 hectares of Costa Rican waters are protected by the National Park Service, despite the fact that the continental shelf is much greater than the country's total land area.

El Salvador

ERP Splits From FMLN Over Ideology

PA0712134494 San Salvador Canal Doce Television in Spanish 1830 GMT 6 Dec 94

[From "The Newscast"]

[FBIS Translated Text] Former guerrilla Commander Joaquin Villalobos announced today the People's Revitalizing Expression, the ERP, is breaking away from the Farabundo Marti National Liberation Front [FMLN], because it does not share the ideology of the Popular Liberation Forces [FPL], the Communist Party of El Salvador [PCES], and the Revolutionary Party of Central American Workers [PRTC]:

[Begin Villalobos recording] The ERP has clearly defined its social democratic orientation, while the FPL, the PCES, and the PRTC maintain their Marxist-Leninist orientation, keeping an ambiguity in their identity, which is difficult to understand. Therefore, we cannot remain together because we do not know whether we are really pursuing the same objectives. [end recording]

This ERP decision sparked the discussion on the juridical existence of the FMLN, which is registered with the Supreme Electoral Tribunal as a set of five organizations.

The ERP has proposed the creation of a commission to negotiate the dissolution of the FMLN, party logos, the patrimony regarding the peace accords, and who will represent the FMLN internationally.

Honduras

Reina Discusses Prosecutor's Office, Corruption

PA0712144194 Tegucigalpa EL PERIODICO DE HONDURAS in Spanish 6 Dec 94 p 4

[FBIS Translated Text] Tegucigalpa—Exhibiting unusual impartiality, President Reina held a news conference yesterday referring almost exclusively to the controversy created by the Public Prosecutor's Office and to the mistakes made by "rookies," the term which now applies to lawyers.

"Corruption is a generic word that includes a great deal of things," President Reina said.

Reina was at odds with the media accredited to Government House because he was unable to explain why he contradicted himself by first stating he could not issue opinions on charges filed and then later saying Sonia Canales de Mendieta will come out well, because she is the niece of Jose Angel Zuniga Huete. Reina made a similar statement about General Lazaro Avila Soleno.

Culture of Corruption

President Carlos Reina said corruption has not been defined yet. He clarified that it is not exclusive of public officials, a particular political party, or unions; it is a "culture" whose followers believe state property "is to be taken advantage of."

There Is No Persecution

Corruption. We must eradicate this way of thinking, and "I pledge my word" that there is no political persecution, and I hope that they will all come out well and that nothing "will tarnish their honor," Reina added. He said if his aim were to imprison Callejas, "he would be a despicable person," and I have no desire to hurt anyone.

Mistakes of the Prosecution

"Due to mistakes of the prosecution," President Reina believes General Lazaro Melanio Avila Soleno will

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"come out well." The president described the fact that public officials from various government offices have not yet filed sworn declarations of their assets before the administrative probity office as an "insignificant mistake".

For example, he cited the case of Tourism Director Ricardo Martinez, the sole Liberal official who has been "accused" and ordered to pay a fine for not fulfilling his duties as a public servant and for negligence." [no opening quotation mark as published]

Panama

Bambito Conference on Development Concludes

PA0712172994 Panama City Telemetro Television Network in Spanish 1730 GMT 6 Dec 94

[Report by Jose Gomez from the "Telemetro Reports" newscast]

[FBIS Translated Text] The Bambito III Conference on Human Development concluded a few minutes ago. Those who participated signed a document committing themselves to development. The government committed itself in the agreements to prioritize the distribution of state resources as follows: first, to carry out social interest projects; second, to meet regular public expenditures; and third, to service the foreign debt. The government will respect this prioritization.

The business sector pledged to help the labor sector maintain and improve the welfare and working conditions of the Panamanian workers through the growth and development of the companies by implementing programs to improve their efficiency and production and guaranteeing a fair distribution of the benefits derived from the productive effort.

The labor sector pledged to participate with the government and management to define a wage policy associated with improvements in production, a policy that will increase the real buying power of workers and, at the same time, improve the conditions of competitiveness of the businesses and the country's economy on the whole.

The document includes a commitment to ensure that the national development plan will integrate the strategies and priority measures presented in the national plan "Women and Development." In addition, it calls on the unity of efforts to make effective the principles of a social, economic, and political democracy, based on respect of private investment initiatives, individual and social rights recognized worldwide, and the responsibilities of a state that expresses solidarity with poorer states and promoting social equality.

These are some of the fundamental aspects of the document "Commitment for Development," which was signed here at the end of the Bambito III Conference.

Argentina

Senate Passes Nuclear Nonproliferation Treaty
PY0712215294 Sao Paulo GAZETA MERCANTIL in Portuguese 6 Dec 94 p 2

[Article from the international news page]

[FBIS Translated Text] The Argentine Senate last week voted for the ratification of the Tlatelolco Nuclear Nonproliferation Treaty (TNT). This is a complete change in Argentine policy because since 1968 it has always been opposed to the treaty, since Argentina considered it to be discriminatory.

The Buenos Aires daily CLARIN reports that during the same week, the government launched a new special plan for the development of a missile to fill the vacuum that has been left by the suspension of the Condor Project. The project will require an investment of \$40 million, according to the newspaper.

Vice Foreign Minister Reviews Summit Topics
PY0712212194 Buenos Aires LA PRENSA in Spanish 5 Dec 94 p 2

[Interview with Vice Foreign Minister Fernando Petrella by Sergio Moreno in Buenos Aires; date not given]

[FBIS Translated Text] [Moreno] What expectations does the Argentine Government have regarding this summit?

[Petrella] Argentina is well prepared. The president has worked very hard to prepare for this summit. On several occasions the president has received written and telephonic communications from President Clinton and from other presidents of the hemisphere. Preparation for the summit has been carried out on the basis of bilateral consultations with our neighboring countries, the United States, and Canada, and with the Rio Group. Some positions on various topics of the agenda were polished.

[Moreno] Do you believe that Argentina will realize or achieve the five points that it is taking to the summit?

[Petrella] There is a strong viewpoint that favors the approval of these points, especially regarding agricultural subsidies, which was one of the topics that required much explanation and work prior to inclusion in the document. It is very probable that this point will be included in the trade chapter; therefore, it will be discussed as of 1995.

[Moreno] If this article is included in the summit's final document, do you believe that the Americans and the Canadians will change their pro-subsidy position?

[Petrella] We are persuaded that they will do so. The summit will have partial agreements that will have to be negotiated over the coming years, and all of this, together with the rules of the GATT, which the U.S. Congress has already approved, will lead to a reduction of these

subsidies. In addition, concerning each topic of the summit, there already is an existing international organization that will give continuity to the summit's topics; the negotiations with regard to free trade will be launched on the same day that the documents are signed, and it is very possible that dates will be set to achieve a free trade zone.

[Moreno] At the summit the United States will propose the modification of the legislation of the hemisphere's countries to combat corruption in view of the possibility that the business sector will give pay-offs in order to obtain deals. Will Argentina accept this position?

[Petrella] Argentina has to be satisfied because it tried to impose the topic of corruption during the OAS General Assembly that was held four years ago in the Bahamas. At the international level this topic needs common legislation, responsive extradition treaties, and reciprocity, and all of this will be proposed to the summit....

[Moreno] But will Argentina specifically support the U.S. proposal?

[Petrella] I believe we have already given it support. Now, this has to be attained in an international agreement, and it is at that time that the details will be discussed.

[Moreno] Regarding the question of terrorism, have you already had contacts with the United States?

[Petrella] Yes, the topic is included in the plan of action. There is talk of terrorism at the national level, which was imposed by Peru with the support of another country in the region, and of terrorism at the international level, which was proposed by Argentina.

[Moreno] Will the Argentine Government support the Peruvian proposal?

[Petrella] At the appropriate point, Argentina pointed out the peculiarity of the Peruvian proposal, but that measure is included in the plan of action that will be discussed during the summit.

[Moreno] What type of pressure did the United States apply to lower the pitch of Menem's activities with Miami's anti-Castro Cubans?

[Petrella] I am not in a position to deny or confirm that version. This notwithstanding, for 5 years now our country has been recommending a change in Cuba's political and economic system. Our country was the most sincere in speaking of this to the Cuban Government. This is why it is not surprising that Miami's Cuban society has requested a meeting with President Menem. On the other hand, it was not Argentina that suggested that the summit be held in Miami.

[Moreno] Doesn't this generate problems for Argentine-U.S. bilateral relations?

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[Petrella] Our position regarding Cuba was adopted before Clinton came to power. It is a tradition that has already been established in the hemisphere. Our position regarding this topic is clear, and we are second to no one.

[Moreno] In this matter, Menem's position seems to be closer to that of the Republicans than that of the Democrats.

[Petrella] I am not prepared to comment on this topic pertaining to the internal politics of the United States, but our position was adopted prior to the Clinton administration.

[Moreno] Is the foreign minister in agreement with this type of symbiosis between exiled Cubans and Menem?

[Petrella] The foreign minister has always clearly outlined the government's position in favor of democracy in Cuba. To take into account from this point on the gestures of the community in Miami, I do not know if they are Cuban initiatives and not insinuations that have come from some sector of the Argentine Government.

Menem To Meet Clinton, Discuss Pampa Issue

PY0812024494 Buenos Aires NOTICIAS
ARGENTINAS in Spanish 1402 GMT 7 Dec 94

[FBIS Translated Text] Buenos Aires, 7 Dec—President Carlos Menem announced today that the issue involving the Pampa 2000 plane, which was disqualified from an international bid, will be one of the subjects that he will discuss with U.S. President Bill Clinton during a meeting that they will hold concurrently with the Miami Summit.

The president explained that he will first be informed by Defense Minister Oscar Camilion and Argentine Ambassador to Washington Raul Granillo Ocampo of the details of the unsuccessful bid.

The fate of the Pampa 2000 plane, which was included in a bid opened for supplying 711 planes to the U.S. Armed Forces, was sealed yesterday by a report issued by an experts commission that met in Dayton, Ohio.

Representatives from the Vought Company, the U.S. partner of the Argentine project, were present at the meeting. The representatives heard the commission chairman's explanations concerning the reasons for disqualifying the Pampa 2000 plane.

The Defense Ministry, which received the details of the meeting only yesterday evening, reported that the Argentine aircraft, which was subjected to various tests and passed all of them, was disqualified "because it is useless as a primary pilot trainer."

Although "technical deficiencies" were initially mentioned, as Granillo Ocampo had indicated, the Defense Ministry explained that the hydraulic control system requires "extremely accurate" handling, which makes it difficult for the plane to win a primary training bid.

President Menem, who will travel tonight to Miami to participate in the Summit of the Americas, pointed out: "The truth is that I am not satisfied at all with this attitude by the U.S. Government and I will see what can be done to attempt to partially remedy this situation."

Nevertheless, the president ruled out the possibility of implementing reprisals against the decision disqualifying the Argentine-made plane, such as delaying the Patent Law approval.

Menem indicated that, if U.S. Ambassador [to Argentina] James Cheek is allowed "to file claims, our ambassador, following the instructions issued by the president of the nation, is also allowed to make some type of effort concerning this issue."

Justicialist Party [PJ] Deputy Miguel Angel Toma, the Chamber of Deputies Defense Committee chairman, had emphasized that the Pampa 2000 plane was disqualified from the bid "in an obvious political operation to favor a U.S. company."

Although more cautious remarks were made at the Defense Ministry, Minister Camilion also pointed out that, during the bidding process, some carelessness became apparent.

President Menem Departs for Miami Summit

PY0812030194 Buenos Aires TELAM in Spanish 0226
GMT 8 Dec 94

[FBIS Translated Text] Buenos Aires, 7 Dec (TELAM)—President Carlos Menem left at 2315 for Miami, where he will participate in the Summit of the Americas.

At the Ezeiza International Airport, Menem boarded a plane that will take him to the U.S. city, where presidents from 34 countries will review the possibility of establishing a free trade zone between Alaska and Tierra del Fuego before the year 2005, among other issues.

The president will arrive in Miami at 0630 (0830 Argentine time).

U.S. Concerned Over Country's Role at Summit

PY0712200794 Buenos Aires LA PRENSA in Spanish 5
Dec 94 p 2

[Article by Sergio Moreno]

[FBIS Translated Text] In its own way, the United States is worried about the Argentine role at the presidential summit.

An agreement has been reached over the rough "guidelines" of the issues for discussion. The document leaked to the journalists this week not only was written by the State Department, but a consensus was reached on it by all the participant countries during a meeting held on 29-30 November in Washington. The trade treaty was not discussed on that occasion because the positions on significant issues for this region, such as agricultural

subsidies, the environment, and the dates to establish free hemispheric trade, could not be reconciled.

For this enterprise, however, the United States wants to impose its criteria on our country. In its style, it recommends approval of a patent law compatible with its requirements, the waging of a head-on struggle to reduce corruption in our country, and the removal of the monopoly [desmonopolizar] over the Argentine aeronautics market and Argentine airports.

The U.S. resentment is not based on economic issues alone. Concerning the summit and issues in the political field, the United States wants President Menem to tone down his discourse with the Cuban anti-Castroist exiles. To this effect, the United States sent separate notes to the Argentine Embassy in Washington and the Argentine Foreign Ministry. Clinton's officials are concerned over the Argentine president's unpredictability when traveling abroad. Clinton's officials know that Menem is the Cuban exiles' undisputed idol. These officials are asking themselves: "What will Menem do on 8 December?" as the president will already be in Miami and the summit will not begin on that day.

Menem Invites Brazilian President To Visit

PY0812024394 Buenos Aires TELAM in Spanish 1603 GMT 7 Dec 94

[FBIS Translated Text] Brasilia, 7 Dec (TELAM-SNI)—President Carlos Menem has sent a letter to [Brazilian President] Itamar Franco, expressing his recognition of Franco's commitment to integration and inviting him to visit Argentina.

The letter was delivered to Franco by Argentine Ambassador Alieto Guadagni. The Brazilian president expressed to the Argentine ambassador his satisfaction over the invitation and emphasized that he would discuss it with Menem during their meetings in Miami on the occasion of the Summit of the Americas.

President Announces Food Control System

PY0712004394 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1054 GMT 6 Dec 94

[FBIS Translated Excerpt] Buenos Aires, 6 Dec (NA)—President Carlos Menem has termed as "crude and absurd" the reports that indicate the existence of conflicts within the government, and he also announced the creation of a National Food Control System.

Menem said that the new system "will serve to guarantee a solution to the problems of quality and safety" of foodstuffs throughout the country.

The head of state spoke last night during a dinner celebrating the 19th anniversary of the Coordinating Board of the Foodstuffs Industry, which was attended by more than 500 businessmen of the sector. [passage omitted]

The updating of the Argentine Food Code and the unification of current legislation were also announced by the president.

He indicated that a control system will be implemented at the outlets, and "all measures for the production of foodstuffs throughout the country will be unified." [passage omitted]

He also termed as "crude and absurd" the reports that are circulating about conflicts within the government, and he stressed that his cabinet "is functioning perfectly well and in harmony with the provincial governments." [passage omitted]

Cavallo Addresses Cabinet on Economic Plan

PY0712002394 Buenos Aires CLARIN in Spanish 6 Dec 94 p 4

[Article by Nancy Pazos]

[FBIS Translated Text] [Economy Minister] Domingo Cavallo began to speak and no one could have imagined the conclusion. But, the rose-colored beginning slowly turned into a range of grays. In the middle of the 5 December cabinet meeting, Cavallo decided to point out those who are potentially guilty of changing the color of the economic plan. Not even Eduardo Duhalde [Buenos Aires Province governor], Alberto Lestelle [secretary for the prevention of drug abuse and antinarcotics struggle], or Justicialist congressmen escaped. "The president is the only person here who seriously defends the economic plan," the minister concluded, thus sparing Carlos Menem from his verbal barrage.

Cavallo had begun with what could be viewed as a fairy tale: He divulged the most recent report on Argentina published by THE ECONOMIST, and he read parts of an article published in the NATIONAL GEOGRAPHIC magazine. But it was precisely when he touched upon the international sector and the image that the world has of the economic plan that Cavallo changed his tone of voice.

Once again his grasp of the world of numbers served him as he sounded the alarm: "When the Mexican bonds were paying four points above the interest rate of the Federal Reserve, ours were paying a difference of six points. Now the Mexican bonds have dropped to five and ours have jumped to nine. Why? Because the investors are observing things that do not convince them...."

The minister then shared the blame. The governor of the Province of Buenos Aires was his first choice. According to Cavallo, the problem is that the provinces are increasing their debts, "they have given away the BOCON" [Funding Bond], and "on top of everything else, they want to go deeper into debt." This last topic is what raised his ire because, according to Cavallo, Buenos Aires Province plans to issue bonds in 1995 totaling \$1 billion and this "is inadmissible."

It was then the turn of the official congressmen. With Jorge Matzkin (his usual verbal adversary) in La Pampa Province, there was a sepulchral silence when he continued with his onslaught against the official bloc in Congress. Cavallo began with the "delay" in approving the social security law, and he concluded by stressing angrily that "the president is the only one who seriously defends the economic plan."

Of the potential group of "enemies of the plan," Lestelle was the only one who attempted a defense. Really it was Lestelle himself who submitted a complaint because his 1995 budget had been reduced. The minister listened attentively and then indicated that he had come to the conclusion that his priority in the fight against drugs was that of "increasing the budget for the Border Guard." At this point it was the president himself who asked for moderation, and the two contenders agreed to continue the discussion in private.

The meeting was so lengthy that Menem was unable to comply with his promise to participate in the inaugural episode of Nicolas Repetto's television program. The last portion of the meeting was used to discuss the laws that will be debated during the extraordinary session of Congress. Menem proposed that "if there is so much work, why not continue with the sessions in January and take your holidays in February?" Alberto Pierri, the president of the Chamber of Deputies, answered pragmatically: "Because not even the parrot remains in Buenos Aires in January, Mr. President."

EU-Argentine Fishing Commission Approves Ventures

PY0712155894 Buenos Aires TELAM in Spanish 1539 GMT 6 Dec 94

[FBIS Translated Text] Brussels, 6 Dec (TELAM-SNI)—Diplomatic sources reported today that during a meeting held on 6 December, the EU-Argentine Mixed Commission on Fishing approved 16 joint venture projects for the tapping of marine resources.

The same sources reported that twelve of the 16 joint venture businesses will be undertaken between Spain and Argentina, two between France and Argentina, one between Italy and Argentina, and one between Greece and Argentina.

These projects are geared toward replacing old fishing vessels with modern EU ships that will sail under the Argentine flag. Their catches will be dedicated to export only.

The fishing agreement between the EU and Argentina, which came into effect last May, provides for a total annual catch of 250,000 tonnes of various species, including 120,000 tonnes of hake.

The bilateral agreement, which was signed following eight years of negotiations, allows 70 EU vessels—20

sailing under the flag of an EU member country—to fish in Argentine territorial waters.

The remaining vessels will belong to a partnership between EU and Argentine shipowners, and will sail under the Argentine flag.

An EU diplomat told the EFE news agency that "the agreement is working well, and EU members and Argentines see eye to eye on the fact that this agreement should be implemented with complete openness and respect for the principle of not increasing the EU's fishing labor."

The Mixed Commission was presided over by Jose Almeida, the European Commission's director general for fishing, and by Felipe Sola, the Argentine agriculture, livestock, and fishing secretary.

The next meeting of the Mixed Commission is scheduled to take place in Buenos Aires in March 1995.

Navy Seizes Taiwanese Ship in 'Exclusive Zone'

PY0612122694 Buenos Aires LA NACION in Spanish 5 Dec 94 p 6

[FBIS Translated Text] (DYN)—After firing warning shots, the Navy yesterday seized a Taiwanese trawler identified as Chieh Man 103. The trawler, which was operating illegally within the Argentine economic exclusive zone near the gulf of San Jorge, was captured after a 10-hour pursuit.

The trawler was captured by the missile-fitted destroyer Hercules, whose complement discovered on 3 December the presence of "three trawlers, without any flags and with their fishing equipment directed toward catching squid illegally."

The Navy emphasized that squid fishing "has been banned by a resolution issued by the Agriculture, Livestock, and Fishing Secretariat."

Following the Navy's warning and order to stop their engines, the trawlers "fled and spread" eastward.

The Hercules then began chasing one of the trawlers. The relentless pursuit lasted all night. At dawn, the destroyer's helicopter, "which again ordered the trawler to stop," took off. As the trawler refused to stop, the helicopter fired warning shots and the Chieh Man 103 finally stopped.

The trawler is being escorted to the port of Ingeniero White.

Investment, Visa, Trade Accord Signed With Croatia

PY0512153894 Buenos Aires TELAM in Spanish 2337 GMT 2 Dec 94

[FBIS Translated Text] Buenos Aires, 2 Dec (TELAM)—Argentine President Carlos Menem and his Croatian

counterpart, Franjo Tudjman, today agreed to mutually cancel the visa requirement for arriving citizens of both countries.

At their last meeting, the presidents signed an agreement for guaranteeing investment, for scientific, technical, and economic cooperation, and for bilateral trade.

The ceremony was attended by Argentine Deputy Foreign Minister Fernando Petrella, presidential Secretary General Eduardo Bauza, Croatian Economy Minister Nadan Vidosevic [name as received] and Croatian Ambassador to Argentina Matko Medo.

The meeting, with which Tudjman concludes his visit to Argentina, was held one hour earlier than scheduled as the Croatian delegation decided to return at 2130 because of international commitments.

Bolivia

President Rejects Plan for Ecuadoran Sea Port

PY0612232994 La Paz LA RAZON in Spanish 1 Dec 94 p A6

[FBIS Translated Text] President Gonzalo Sanchez de Lozada said yesterday the bi-oceanic corridor projected by Ecuador is "good" but not "competitive" due to its geographical situation.

Sanchez de Lozada said: "The area around Ecuador is too far north and would never be linked to us. We are talking about the Brazilian states that are linked to Bolivia—like Rondonia, Acre, Mato Grosso, and Mato Grosso do Sul. Obviously those states would like to have links with Bolivia, Paraguay, and Argentina." He spoke before leaving for Mexico.

The bi-oceanic corridor projected by Ecuador will allow Brazil access to the Pacific, linking the Atlantic with the Pacific through the Putumayo and Amazon rivers.

The Paraguay-Parana waterway will allow Bolivia access to the Atlantic from Aguirre Port, in Santa Cruz Department.

Cossio Links Economic Plan to IMF, World Bank

PY0612211994 La Paz HOY in Spanish 1 Dec 94 p 10

[FBIS Translated Text] Finance Minister Fernando Cossio once again admitted that the World Bank and the IMF influence the Bolivian financial program, and hinted that the amendments to Law No. 843 were also suggested by these two organizations.

"Unfortunately, Bolivia strongly depends on foreign financial aid," stated Cossio during his address at a businessmen's meeting. He explained that the economic policy and fiscal balance are linked to the demands of the international community, the Bolivian Labor Federation (COB), and national businessmen.

Cossio said this strong dependency "does not please us, but we must not forget that 90 percent of the fiscal deficit is financed with controlled foreign resources."

He added that the commercial deficit has been reduced thanks to the inflow of foreign capital.

Cossio said that for the next five years, until the trade balance is settled, the country will continue to depend economically on concessional financing [financiamiento concesional].

Cossio explained that without the endorsement of the World Bank or the IMF, Bolivia would not have access to the Paris Club nor to the Consultative Group where the foreign debt is renegotiated and where resources to execute programs for Bolivia's development can be obtained.

The finance minister said our main objective for the coming years is to "get rid of public enterprises, which cause more harm than good to the country."

He said that for the country's economic development and growth it is necessary to broaden the productive base by increasing domestic savings and private investments.

He admitted: "We are aware that a permanent legal framework is one of the main elements for the savings and investment process."

Generals, Admirals Oppose Gas Sales to Chile

PY0512142294 La Paz LA RAZON in Spanish 27 Nov 94 p A9

[FBIS Translated Text] (ANF)—Following the lead of the Commander in Chief's Center of Graduates from Higher National Studies, the Armed Forces' Corps of Generals and Admirals have rejected the unconditional sale of gas to Chile, and urge the government to obtain a commitment from Chile to negotiate the Bolivian landlocked situation, seeking an outlet to the Pacific without the need for any territorial compensation and under UN and/or OAS guarantees.

General Hugo Badani Montano, retired, the president of the Corps of Generals and Admirals, and nine other members of that military center have signed a "secret" document that includes "opinions and recommendations on the sale of gas to Chile." It is addressed to Government Palace through the Armed Forces' commander in chief.

Stating that "Chile has always supported negotiations with the military organization," the Corps of Generals and Admirals outline some factors that have guided Chilean foreign policy since 1904. They include:

—Eliminating from the national and international memory its 1879 conquest and its attainment of sovereign rights through a corridor to the Pacific. Chilean Government officials seek to eliminate said right.

- Diplomatic and commercial rapprochement with successive Bolivian Governments, whether instigated lightly or with conviction, are perfectly in line with Chilean strategy.
- Small groups of Bolivian businessmen and politicians are seeking to do business with Chile because of group interest.
- Negotiations for the sale of gas to Chile create a problem because almost all certified reserves have been committed for 20 years to Brazil. Domestic demand will naturally increase in the future.
- The unconditional sale of gas will imply another step in the normalization of bilateral relations within the framework of the Chilean strategy; Bolivians, however, would lose a valuable instrument that could be used in negotiating a corridor to the sea.

Russia To Invest \$100 Million in Steel Plant

PY0612191594 La Paz PRESENCIA in Spanish 30 Nov 94 Section 2 p 1

[FBIS Translated Text] Santa Cruz, 29 Nov (PRESENCIA)—Russian Ambassador Vladimir Kiselev has said his country will invest at least \$100 million of private and state capital in a modern steel plant on the border with Brazil at the foot of Mutun Hill, which is one of the most important iron ore deposits in South America. Kiselev said there is also room for Bolivian capital in the project, and did not rule out the possibility of a joint venture with Bolivian investors.

The ambassador expressed interest in the project, adding that Russia does not want to repeat the sad experience of the La Palca Plant in Potosi Department.

If everything goes well, he said the plant will be operational by early 1995, adding: "We hope it will."

Referring to the new laws issued by the government of Sanchez de Lozada, he said they are "interesting" and wished success in their implementation.

He regretted the fact that privatizations are not yielding good results, which he attributed to monstrous companies that have between 150,000 and 200,000 workers. He commented that the defenders and scholars of capitalism in his country have all died, adding that the new neo-liberals must face the challenges of the free market economic model.

He said: We are going through a difficult time, but we need to stabilize production before beginning to grow.

The ambassador came to Santa Cruz to introduce the new Russian honorary consul to Santa Cruz. He is Jose Kim, an engineer who graduated in Moscow, who speaks perfect Russian, and who maintains fluent relations with the Russian community. Kim replaces well-known artist

and painter Lorgio Vaca who resigned because of his multiple activities. Vaca promised to support his successor.

Brazil

President-Elect Rules Out Immediate Changes

PY0612140994 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 5 Dec 94 p A4

[Article by Marta Salomon]

ilia—President-elect Fernando Henrique Cardoso has announced that he will make no quick changes in his government, and that he wants to account for his promises to guarantee economic stability and growth with income distribution at the end of his term in four years. In a good mood, after almost 15 hours of debate at the Brazil and Contemporary Economic and Political Trends seminar, Cardoso and the 64 attending intellectuals endorsed the objectives of the "Agreement of Brasilia."

"Expectations over quick changes will be submitted to strategic calculation," the president-elect said, claiming that it is not necessary to do everything at once. "No one is waiting for a miracle, but for a clear signal that we are following a course with determination."

At the seminar's closing session on the evening of 3 December, Cardoso said in a speech that he had learned much with his colleagues, and that he fully endorsed the promotion of economic growth with special emphasis on social policies—a consensus position among participants. "There is no excuse for big mistakes, we know the options and the risks," he said, after listening to precise recommendations—from Argentine Roberto Frenkel, one of the fathers of the Austral Plan, from former Chilean Finance Minister Alejandro Foxley, and from University of California Berkeley Dean Albert Fishlow—who advised avoiding the sale of state-run companies to raise cash and the immediate implementation of a fiscal adjustment.

In the "Agreement of Brasilia," Cardoso described to the intellectuals the limits he will have in his position. "I am imbued with a passion for what is possible," Cardoso said, making it clear that a long period of negotiations lies ahead of him. "During these four years we will be constantly be implementing changes."

Cardoso justified the political alliances he made for the elections, showing the difference between the theory of intellectuals and the practice of those who govern. "Whoever wants to stick to absolute definitions is good for a professor's chair, for the pulpit, but not for politics," he said, immediately after defending his recent allies. He reiterated that he has not been pressured, and that his ideas are not being shaken, either. "Politicians are sensitive people who react to the claims of the public."

President-Elect To Enforce Industrial Policy

PY0612152694 Rio de Janeiro JORNAL DO BRASIL
in Portuguese 5 Dec 94 p 11

[FBIS Translated Text] Brasilia—President-elect Fernando Henrique Cardoso will enforce an aggressive industrial policy that will eliminate fiscal incentives and reduce fiscal, social security, and labor contributions for the productive sector. The industrial policy will provide for strategic infrastructure investments in partnership with the private sector, and for the creation of a fund with public account surpluses for equalizing internal interest rates and the interest rates on the international market. Transition team coordinator Paulo Renato Souza outlined the guidelines of the industrial policy of the future government. He spoke at the "Brazil and the Contemporary Economic and Political Trends" seminar, which was held over the weekend at the Foreign Ministry.

The other industrial police measures announced by Souza include an aggressive commercial policy, with export incentives and the adoption of anti-dumping mechanisms to protect domestic industry from predatory competition. The new government also wants to reduce transportation costs, improve the communications system, and adopt a technological policy oriented mainly toward the training of manpower.

Souza, who will head the Planning Secretariat of the Fernando Henrique Cardoso administration, explained that over the past three decades industrial policy instruments have always been the same. The exchange rate has been used for promoting exports; tariff and nontariff barriers were used for protecting local industry and for promoting production; and "discriminatory" fiscal incentives were created; while interest rate policies subsidized some sectors and made credit cheaper for others.

"That policy exacerbated the conflicts between stabilization and economic growth," Paulo Renato Souza said. Those two factors are now considered incompatible. Therefore, he went on, the new government's first task will be to search for an agreement with economic agents, in order to avoid basing industrial policy on the current exchange, fiscal, tax, and interest policies.

He explained that at this time, when the government is trying to deal a final blow to inflation, those instruments are aimed at short-term results, while the industrial policy should be designed for the medium and long term. "In the short term there is interest in finding a balance between prices and the exchange rate without destabilizing the capital market, considering that there is plenty of capital," he explained.

Embratel To Order Third Satellite From Hughes

PY0212194994 Sao Paulo AGENCIA ESTADO in
Portuguese 2205 GMT 1 Dec 94

[FBIS Translated Text] Brasilia, 1 Dec (AE)—Planalto Palace sources reported today that Brazilian Communications Minister Djalma de Moraes has authorized

Embratel [Brazilian Telecommunications Company] to sign, within the next few days, a contract with the U.S. company Hughes for the construction of the third satellite of its current ("B") series. The sources added that Moraes' decision was based on technical and legal reports by his team, and noted that "there are no problems with signing the contract."

The new satellite, which will be launched by mid-1995, will operate on the Ku-band, which is technologically more advanced than the C-band, which can only transmit voice and data signals. The Ku-band will make it possible to operate cable television with smaller, less expensive equipment. The Globo group and businessman Olacyr de Moraes of the Itamarati Bank are seeking to take a major share of the Ku-band through the private satellites Class and Localsat, which are now under preparation.

Since July, when Embratel launched its first satellite of the B series, businessmen Roberto Marinho and Olacyr de Moraes have been working backstage to force Embratel to authorize the use of the Ku-band, which has finally occurred. Sources from the Communications Ministry have reported, however, that a contract signed with Hughes in 1992 for the construction of two satellites at a cost of \$273 million provides for an option for a third satellite, without specifying the type of technology (C or Ku). The cost of the new satellite may not, however, exceed 25 percent of the cost of the original contract (that is, \$68 million) which, according to Marinho and Moraes, should make a new bidding process necessary.

Senator Julio Campos (PFL-MT) [Liberal Front Party-Mato Grosso] last week described Embratel's contract with Hughes as illegal. Following formal consultations with his advisers, the minister made his decision. Embratel will thus sign the contract while still under the administration of Renato Archer, and will only be waiting for the selection of the company that will do the launching. The source added: "It will probably be the French company Ariane, which launched the other two satellites."

Probe of U.S. Subsidies, Russian Dumping Opens

PY0712004294 Sao Paulo AGENCIA ESTADO in
Portuguese 1435 GMT 6 Dec 94

[FBIS Translated Text] Brasilia, 6 Dec (AE)—The Foreign Trade Secretariat has opened an investigation to determine if "any form of subsidy is involved in the production, marketing, and export of uncleaned and uncombed cotton by the United States to Brazil." The measure responds to a request by the Brazilian Organization of Cooperatives, the National Agriculture Confederation, and the Brazilian Rural Association. They claim cotton imports have markedly increased and that U.S. cotton is offered in Brazil at prices lower than on the U.S. domestic market.

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The secretariat has also opened an investigation to determine if there is "dumping" or a threat of "dumping" of magnesium imports from Russia, Ukraine, and the United States. A notice published today in DIARIO OFICIAL states that Rima Industrial Co.—which accounts for 50 percent of the production of magnesium in Brasil—claims the Russian and Ukrainian prices show a 36 percent "dumping" factor when compared to international prices. In the case of the U.S. product, the "dumping" factor stands at 25 percent.

Iraq's al-Sahhaf Meets With Foreign Minister

JN0612144294 Baghdad INA in Arabic 1324 GMT 6 Dec 94

[FBIS Translated Text] Brasilia, 6 Dec (INA)—[Iraqi] Foreign Minister Muhammad Sa'id al-Sahhaf met in Brasilia yesterday with Brazilian Foreign Minister Celso Amorim.

The foreign minister reviewed in detail Iraq's relationship with the UN Security Council and the measures that have been taken to lift the economic blockade in accordance with Paragraph 22 of Resolution 687.

Muhammad Sa'id al-Sahhaf refuted some UN Security Council member states' unfounded allegations and attempts to give a false picture about Iraq's positive stands to prolong the blockade.

The foreign minister underlined the need for the UN Security Council to implement its reciprocal commitments in light of the positive steps undertaken by Iraq in this regard.

The minister urged the Brazilian friends to continue supporting Iraq's position. He valued their fair and balanced position during the UN Security Council debates.

The two ministers reviewed bilateral relations and discussed ways of promoting them and restoring them to their status which existed before the aggression against Iraq as soon as the blockade is lifted.

The meeting was attended by members of the delegation accompanying Muhammad Sa'id al-Sahhaf and the Iraqi ambassador to Brazil.

The foreign minister arrived in Brasilia from Nigeria yesterday on a visit to Brazil within an official tour of a number of UN Security Council member states.

Official Says Uruguay Violates Mercosur Accords

PY0612005994 Sao Paulo GAZETA MERCANTIL in Portuguese 3 Dec 94 p 15

[By Raquel Stentzel]

[FBIS Translated Text] Floriano Isolan, the agriculture secretary of Rio Grande do Sul State, yesterday complained about a Uruguayan Government measure banning the import of "unprocessed" Brazilian livestock

and vegetable products. According to Isolan, on 14 November Uruguayan President Luis Alberto Lacalle signed a decree that blocks Brazilian exports of vegetable and fruits to Uruguay.

Isolan has asked Brazilian Agriculture Minister Sinval Guazelli to take the appropriate action because he believes that the Uruguayan measure is not in keeping with the Mercosur [Common Market of the South] agreements. Isolan said: "This measure is proof that the Brazilian representatives (to Mercosur) are once again being deceived because the Uruguayan measure violates decisions made earlier within Mercosur." He also objected to the possibility of the Brazilian Government allowing the circulation of wine in drums within Mercosur.

Credit Control Measures Further Tightened

PY0612014494 Brasilia Voz do Brasil Network in Portuguese 2100 GMT 5 Dec 94

[Report by Corban Costa]

[FBIS Translated Text] The Official Gazette today published a Central Bank [BC] provision further restricting credit for consumers. According to BC Norms Director Claudio Mauch, the provision published in the official gazette regulates the existing measure and closes some gaps that were being used by the financial institutions to grant loans without making the corresponding obligatory deposit in the Central Bank. Mauch said that the money circulating in the market will diminish.

[Begin Mauch recording] The main consequences will be a smaller volume of credit available in the market, less money circulating among the public, and other effects which, without a doubt, will make it more difficult for consumers to obtain credit. [end recording]

BC experts say that the provision will not place financial institutions in a difficult position because if they require help, they can still resort to the BC, which will analyze their petitions on a case by case basis.

Accord To Improve Telecommunications Signed

PY0612141294 Sao Paulo AGENCIA ESTADO in Portuguese 1927 GMT 5 Dec 94

[Report by Fabio Pahim, Jr.]

[FBIS Translated Text] Sao Paulo, 5 Dec (AE)—An agreement signed among Embratel [Brazilian Telecommunications Company], Telintar [expansion unknown] (of Argentina), and Antel [National Telecommunications Administration] (of Uruguay) will offer special voice, text, data, and image services to the Mercosur [Common Market of the South] member countries (Brazil, Argentina, Uruguay, and Paraguay). The agreement was drafted in Spanish and Portuguese. The Spanish version was signed in Buenos Aires last week, and the Portuguese one is being signed in Sao Paulo

today by Embratel President Renato Archer, Telintar President Juan Tomassoni, and Antel President Rosario Medero.

Communications among these countries will be based on the Unisur system. The Unisur cable, which is 1,720 km long, starts in Florianopolis and reaches Maldonado, in Uruguay, and Los Toninas, in Argentina. The ground part of the system connects Santiago, Asuncion, and La Paz to Sao Paulo. The project required a \$75 million investment, 8.8 percent of which was put up by Embratel.

The objective is to increase the speed of telecommunications services among the Mercosur countries. The Unisur system alone allows 15,000 simultaneous communications. Through the Embratel fiber optics system, Mercosur will be connected to North America and Europe.

Bozano Simonsen Brokers Group Buys Embraer

PY0812021094 Brasilia Voz do Brasil Network in Portuguese 2100 GMT 7 Dec 94

[Report by Marli Moreira in Sao Paulo]

[FBIS Translated Text] The Brazilian Aeronautics Company, Embraer, was sold today at an auction that took place in the Sao Paulo Stock Exchange. The company was purchased for 154,158,433 reais, which was barely a 0.3 percent increase over the base price. The group of companies represented by the Bozano Simonsen brokerage firm bought 71 percent of the 3,074 blocks of shares offered at a minimum price of 48.43 reais per block of 1,000 shares. The purchasers were the Usiminas Employees Fund, Bozano Simonsen, Leasing, and Sistel and Prev foundations.

Seven foreign companies and 54 Brazilian firms participated in the dispute for the purchase of the 55.4 percent of total shares that were offered. Foreign capital participation was 33 percent, the greatest ever registered in this kind of purchase.

With the sale of Embraer, which really includes four airplane companies, the Itamar Franco government privatization process concludes with a total 17 public companies sold.

[Sao Paulo AGENCIA ESTADO in Portuguese at 2123 GMT on 7 December, in a report on the auctioning of Embraer, adds the following: "The distribution of shares of Embraer following its auction now stands as follows: 40 percent belongs to a consortium of investors headed by Bozano Simonsen; 3 percent to Primus Bank; 2 percent to Banrisul [Rio Grande do Sul State Bank]; 11 percent to others; 20 percent to the government; 10 percent to its employees; 4.5 percent to the Bank of Brazil Investments firm; 9.9 percent to the general public.]

Colombia

Samper Calls Meeting on Security Issues

PA0612191494 Santa Fe de Bogota Inrvasion Television Canal A Network in Spanish 0000 GMT 6 Dec 94

[From the "Seven o'Clock Newscast"]

[FBIS Translated Text] A new element was added today to the debate on the proposal to create private security cooperatives to protect rural areas. President Ernesto Samper said a Security Council meeting will be held at Narino Palace this week to discuss this proposal and other ones, such as the strengthening of the DAS [Administrative Department of Security] and the rural police:

[Begin Samper recording] To analyze this new rural security strategy, I have asked the government minister to organize a security council meeting this week. Participants will discuss, among other topics, the so-called rural security cooperatives, reforms to the rural police and the rural offices of the DAS, and the creation of new surveillance corps under the command of the mayors of rural municipalities. [end recording]

The president commented on this topic at the ceremony in which General Octavio Vargas Silva received his third star and three police officers were promoted to brigadier general:

[Begin Samper recording] In any event, the people can be absolutely certain the national government will not allow any of these proposals, which seek to improve security conditions in rural areas, if they are approved, to be used as instruments of war to worsen the already critical situation of violence, much less, as the defense minister has said, to strengthen the so-called paramilitary groups we are firmly determined to pursue and deactivate. [end recording]

This measure will be implemented on a trial basis in the departments of Santander, Cauca, Cesar, and Antioquia, as well as in the eastern plains.

Botero Delivers Samper Complaint to General

PA0712154994 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1200 GMT 7 Dec 94

[From "Caracol's 0600 to 0900" newscast]

[FBIS Translated Text] Caracol has just learned officially that Defense Minister Fernando Botero Zea met recently with the Colombian Armed Forces commander general and conveyed a verbal complaint from President Ernesto Samper. The complaint stems from an operation carried out three days ago by the Search Bloc against a party at the Cali Intercontinental Hotel celebrating the first communion of a daughter of former beauty queen Marta Lucia Echeverry and Mr. Gilberto Rodriguez Orejuela.

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It would seem that Mrs. Marta Lucia Echeverry and several children were harassed during the operation, which included several dozen soldiers armed with machine guns and other weapons of war.

The defense minister strongly questioned and expressed the Samper administration's displeasure over this type of harassment operation.

Botero pointed out to the Armed Forces commander general that this administration does not approve of innocent relatives of would-be criminals being affected by arbitrary and reckless operations. The government strongly condemns this type of abuse and excessive use of power according to the minister.

The government is seeking to distance itself through this position from procedures used in the past against the relatives of Pablo Escobar Gaviria and other Medellin cartel members which eventually led to the so-called narco-war, which cost so many casualties to the civilian population.

The government's verbal protest was received by the Armed Forces commander general himself. In addition, the government also stated it will no longer tolerate operations that will affect innocent relatives.

Cooperation Agreement With Italy Signed

PA0412013394 Santa Fe de Bogota EL TIEMPO in Spanish
30 Nov 94 p 7A

[FBIS Translated Text] Plinio Apuleyo Mendoza, Colombia's ambassador in Rome, has reported that Colombia and Italy yesterday signed a general cooperation agreement that had been under review for four years. Vice President Humberto de la Calle Lombana, who traveled from the United Kingdom to Italy, and Italian Foreign Minister Antonio Martino signed the agreement.

During his meeting with Martino, Vice President de la Calle Lombana expressed Colombia's concern over Italy's support for a recommendation presented by France to the European Union [EU], which is intended to eliminate tariff benefits for seafood exports from Colombia and other Andean countries. The proposal was approved on 23 November.

Thanks to the vice president's efforts, it was learned that Italian tuna fishermen disagree with the decision, which is to be confirmed at the EU foreign ministers meeting on 19 and 20 December. Italian canning industry representatives, who purchase raw materials from the Andean countries, believe that Italy's decision to support France's recommendation was absurd. Ambassador Mendoza said the restrictions could be overturned if Italy withdraws its support.

Regarding the cooperation agreement, Mendoza said it includes political, economic, judicial, and cultural matters. It will be particularly beneficial to Colombia in areas such as drug trafficking, money laundering, and gun running.

Government To Establish Contact With Guerrillas

PA0712214294 Santa Fe de Bogota Inravisión Television
Cadena 1 in Spanish 1730 GMT 6 Dec 94

[From the "National Newscast"]

[FBIS Translated Text] Peace Commissioner Carlos Holmes Trujillo told the Congress Peace Committee today the government will establish direct contact with the guerrilla groups that have responded to the peace plan proposed by President Ernesto Samper. Trujillo said the exploratory phase has ended, and preparation for the peace process has begun.

The direct contacts will start with the FARC [Revolutionary Armed Forces of Colombia] and the secretariats of the EPL [Popular Liberation Army]. The government will insist that the negotiations take place abroad.

Grajales Family Members Reject Charges

95WD0104B Santa Fe de Bogota EL TIEMPO in Spanish
24 Nov 94 p 8A

[FBIS Translated Text] Yesterday, Raul Grajales Lemos rejected the charges brought against him by a U.S. prosecutor's office, declaring them to be a "malicious accusation." He commented: "To me, it is nothing but another frame-up, like the one contrived against me by the DEA two years ago, during Operation 'Green Ice.' They claimed that I had been arrested in Italy, while I was here directing my companies; and it was even proven that someone there was using my name."

Grajales denied that there were any exports of guava pulp by his companies. However, he admitted: "We have made some, of passion fruit and mangoes." He remarked: "We export under our brand, and we export to reliable importers, not middlemen. They include Proctor and Gamble in the United States, and the same type of firm in Europe."

He added: "We export directly to large companies. Who would use his name to become involved in drugs? We are not the only fruit processors, nor the only exporters. There are many. If they are talking about Venezuela, that is the Venezuelans' business."

Grajales Lemos also claimed never to have been summoned by U.S. authorities, declaring: "Furthermore, I have a current visa for the United States, and I have traveled all over the world."

In connection with the Agro-Industrial Consortium enterprise, a firm mentioned in the case records, Grajales stated that this company "was the firm known as Orense, which was later sold to Bavaria, because they began fighting about the juice. And when they get into that, it is better for one to leave."

As for his connection with the Grajales Posso family, the businessman commented: "They are my cousins, but I have no commercial ties with them. We did have them four years ago, but not now."

Raul Grajales Lemos said that the linking of the surname Grajales with drug trafficking dates back several years, when someone of that name was arrested in New York with two tons of cocaine.

He claimed that, later, another person who had been using false documents with the same surname was arrested in Italy. "I instituted proceedings in the Prosecutor's Office against the one that they caught in Italy, for using my name."

Finally, he asserted that he would not file any appeal in the process initiated by the U.S. authorities, because "I don't have the money to spend on that; I have no reason to defend myself. I have nothing burdening my conscience to prompt me to defend myself."

Other Grajales

Luis Grajales, for his part, declared in Cali that the fruit shipments are made in metal barrels that fit inside containers, and are marketed in Buenaventura.

"We sell pulp to anyone requesting it, but we aren't the only ones producing it. The last shipments were made at the end of 1993, when the market was glutted.

"The seriousness of our business is evident from the planting being done by us now on about 2,000 hectares, for 1995 exports. And it is planned to make future sales."

He added that the company has two pulp processing plants, one in Huila and the other in La Union (Valle).

He explained: "Shipments are made at intervals. Sometimes reports arrive about that merchandise being seized; but it's not ours. We market the merchandise in Buenaventura. There are other exporters as well."

Meanwhile, Cesar Augusto Posso claimed to be one of those most shocked by the accusation. "I lived in the United States from 1977 until November of last year, and no judicial office ever summoned me.

"If that were true, they would have arrested me. I studied business administration at the Junior College in San Francisco (California) from 1978 until 1983. Here in Colombia, I have never traveled about with three or four 'narco-cars' guarding me.

"Our company is a company with a family tradition, started by five siblings, thanks to the grapevine stock brought by a Spanish priest who arrived in Bolivar (Valle). We intend to request an explanation from the U.S. Embassy in Colombia."

In conclusion, he claimed that the only time that he had to appear before the police in the United States was in Miami, "for driving erratically, after drinking too much."

Further on Charges

95WD0104A Santa Fe de Bogota EL TIEMPO in Spanish 24 Nov 94 pp 1, 8A

[FBIS Translated Text] Bogota and Miami (AP)—On Tuesday, a U.S. federal prosecutor in a Florida Court accused six members of the Grajales family, stockholders in several Cauca Valley consortiums and owners of the vineyards of the same name in Colombia, of participating in the smuggling of over 10 tons of cocaine into the United States.

According to the charge, rejected by Raul Grajales Lemos and other members of his family, who described it as a "malicious frame-up," the operations for sending cocaine to the United States and Europe began in 1985, concealing it in various fruit pulp shipments.

The accusation made by prosecutor Kendall Coffey and his assistant, Patricia Diaz (which the DEA complemented by identifying the Grajales as members of the Cali Cartel), implicates Raul Grajales Lemos, Luis Grajales Posso, Maria Nancy Grajales Posso, Jose Agustin Grajales, Eduardo Grajales Posso, and Cesar Agustin Grajales Posso.

The AP agency announced that the charges brought on Tuesday are a result of an investigation conducted for four years, revealing shipments of tons of cocaine to the United States and Europe.

The newspaper MIAMI HERALD, for its part, reported yesterday that the U.S. Government claims the cocaine to have been concealed in 55-gallon barrels used to export passion fruit, guava, and lulo fruit pulp. "A fiberglass container encased in the barrel was used to isolate the cocaine."

According to the newspaper, 606 kg of cocaine were seized at a luxurious residence in Broward, Florida, during February 1990. The drugs had been concealed in a dozen large guava pulp containers.

On that same day, the authorities confiscated 2,658 tons of cocaine hidden in a fruit pulp shipment in the Netherlands, as well as another 1.1 ton cocaine batch intended to be sent to Miami from a warehouse in in Venezuela.

The Associated Press agency stated that the Grajales family members run the Grajales Agro-Industrial Consortium, one of the world's leading producers of fruit pulp, also holding interests in warehouses, vineyards, wine processing plants, and coal mines.

The U.S. assistant prosecutor, Wilfredo Fernandez, told EL TIEMPO: "This is just the beginning of a far more extensive process. You can expect more persons to be accused, and more charges brought in connection with this investigation during the coming months."

The accusation made by the United States against the six Colombians in the Florida Southern District Court indicates that, from approximately October 1985 until June

of this year, the aforementioned persons, "knowingly and deliberately conspired, associated, and decided among themselves (and with other persons) to possess a controlled narcotic substance, with the intention of distributing it."

Officials believe that the family involved supplied the first cocaine shipments to East European countries and the former Soviet Union after the collapse of communism, according to an AP report quoting the Fort Lauderdale newspaper SUN SENTINEL.

Fernandez told EL TIEMPO that, in the United States, charges of this kind can lead to sentences of life imprisonment.

Unlikely Process

Fernandez claimed that the Prosecutor's Office considers it highly unlikely that the accused will appear voluntarily for a hearing, because the U.S. laws oblige judges to issue life imprisonment sentences in drug trafficking cases involving a certain number of kg of cocaine. And, "in this case, we are talking about over 10 tons of cocaine."

Nevertheless, Fernandez noted that the Prosecutor's Office is seeking three goals with this charge: "In the first place, we have the evidence that they are drug traffickers, so, this is something that we must do. Secondly, this will enable the business community to realize who it is dealing with. And, finally, this sends the clear message that the United States is unwilling to tolerate illicit business operations protecting itself behind legitimate companies."

According to U.S. laws, an accused person may not be judged in absentia. However, according to Fernandez, "There are other diplomatic channels for bringing them to justice, and we shall do everything in our power to take this process to its culmination."

Drugs Leave Uraba Via Land, Sea Routes

95WD0099Z Santa Fe de Bogota EL TIEMPO in Spanish 20 Nov 94 p 6A

[Article by special correspondent Orlando Leon Restrepo: "A Border Reeking of Cocaine"]

[FBIS Translated Text] Turbo (Antioquia)—Upon crossing the border between Panama and Colombia, in an operation lasting only two minutes, one kg of cocaine has its price doubled from 1.6 million to 3.2 million pesos.

The drug is brought to the neighboring country by land or sea with apparent ease, through the coastal and jungle region of Uraba. The zone, shared by Antioquia and Choco, with an area of 3,000 square km, and 300 km of beach extending from Cape Tiburon to Point Caribana, is one of the drug traffic's most frequently used outlets leading abroad.

However, it also serves as a route for the entry of components for the processing of coca leaves in the small and large laboratories known to exist in that region, and of weapons for the subversive groups.

The drug traffickers and guerrillas use the same means of egress as that used for bananas, through the Gulf of Uraba and along the swift-flowing rivers and many trails between the two countries. Furthermore, according to the authorities, the criminals are using Indians and prostitutes from the zone as "mules."

The high command of the Army's 17th Brigade counter-narcotics unit, stationed in Uraba, claims that the traffickers prefer to use the banana cargo vessels anchored in Colombia Bay. The fact that the boats remain stationary for a period of several days facilitates the various procedures for stashing the drugs. One of them is the attachment of the merchandise to the vessel's hull.

General Hermofilo Rodriguez Romero, commander of the 17th Brigade, asserts: "They operate with professional divers. The package is attached to that part of the vessel, where it is prepared to endure a voyage lasting eight or ten days." The drugs are inserted in a plastic bag, and then a carton, and are wrapped with adhesive tape. Later, the package is sealed in another plastic bag, so as to withstand the salt water.

Cocaine also has been discovered by the authorities in sea lockers, an open refrigeration system driven by pumps and located on the boat's stern. It consists of several hollow spaces, like tunnels, in which a person can easily fit.

Lieutenant Commander Alvaro Parra Zafra, commander of the recently created Turbo Coast Guard Naval Station, remarks: "Sometimes the drugs are stashed using this system when the boats are anchored in the Gulf. But on other occasions, when they have no time to carry out the operation, they bring the prepared cache from Santa Marta. There (Captain Parra explains), they detach the grille, which has about 25 screws, from the sea locker, converting it into a kind of hatch."

The National Navy also has detected boat hulls with special work done on them. "They make hollows in them under the rudder blade, in which two or three tons of cocaine can fit. The work is done with underwater welding, or when the boat approaches the dock," comments Captain Parra.

This year, the National Navy and the National Police Third Counternarcotics Company have seized 400 kg of cocaine from vessels bound for the ports of Tampa, Bridgeport, Manatee, and Miami, in the United States; Moin and Puerto Limon, in Costa Rica; Vigo, in Spain; Antwerp, in Belgium; Savona, in Italy; Setubal, in Portugal; Jeddah, in Saudi Arabia; and other ports in the Caribbean islands.

The cocaine also leaves by way of the Gulf on speedboats, concealed in compartments 10 cm tall situated on

the stern. Captain Parra reports: "Two months ago, a 22-kg shipment was seized from a wooden craft. This cocaine was confiscated at the Turbo checkpoint, and was sizable, because the cocaine was coming from seven laboratories. That was learned because the seals, and the types of wrappers and packaging, were different."

Although this drug seizure is not typical, the greatest concern is the difficulty encountered by the Colombian authorities in punishing the crime. In the case of boats, when cocaine is found, the vessel is confiscated and placed at the disposal of the Prosecutor's Office, so that the process may be continued. Nevertheless, the boats are allowed to move, because the cocaine is found outside the vessel and, usually, there is no one to accuse.

One of the fastest and easiest routes for removing drugs is along the Atrato and Leon Rivers. In the jungle zones adjoining the two rivers, the guerrillas coordinate and authorize the processing of private individuals who, in turn, furnish them with arms.

Another means of removing cocaine is by putting it in banana shipments arriving at the fruit wharf in Zungo, near the mouth of the Leon River.

The drug traffickers also use prostitutes for delivering drugs to the vessels.

Along the trails in the jungle zone of the Salaqui River area, on the boundary between Panama and Colombia, many settlers and Embera Indians also work as "mules," carrying the alkaloid to Palmas del Darien and Peque, in the Panamanian coastal zone.

[Box, p 6A]

An Entire Morass

The largest concentration of coca crops has been detected on the Panamanian border, along the course of the Salaqui River, which enters the neighboring country.

They also have been located in the Uraba zone, in the middle of the Choco virgin jungle, the only access to which is by river. Reports from the Third Counternarcotics Company in Turbo indicate that those laboratories are guarded by two FARC [Revolutionary Armed Forces of Colombia] fronts, in Riosucio, Acandí, and Unguia.

General Rodriguez admits that the results of the monitoring and prevention are not optimal, because resources are lacking. Nevertheless, the patrolling currently extends as far as Riosucio and, at times, to Domingodo.

The Turbo Coast Guard Naval Station performs tasks such as patrolling, searching, and monitoring of common criminals, because the public force lacks operational capacity, particularly against the guerrillas.

The Navy has a full-time team of five divers specializing in the inspection of boat hulls, and a checkpoint station in Turbo.

Insofar as clandestine runways are concerned, Army spokesmen claimed that they have been detected in Unguia and on the Aguila hill. However, since there are extensive flat areas, they have the capacity to accommodate aircraft landings as well.

Feasibility of Development Plan Questioned

95CA0044A Santa Fe de Bogota SEMANA in Spanish
22 Nov 94 pp 68-70

[Unattributed article: "The Great Battle"]

[FBIS Translated Test] *The first battle of the development plan will have to be waged on the basis of the credibility of its goals.*

The script is repeated every four years. Shortly after the government in office releases the text of the development plan to the public for its opinion, the experts spend the following months attempting to prove that its objectives are simply impossible.

And there is every indication that the same thing will happen with the "Social Leap." In fact, the draft of this administration's development plan, made public last week, will be in the experts' sights during the next few months.

Of course, according to the Constitution of 1991, the negotiation will be more extensive. The text submitted by President Samper last Wednesday, 16 November, must now cover a prodigious path, including its debate by the National Planning Council members, its study by the Regional Councils, and its presentation, in early February of next year, to the Congress, for the latter's approval. Not until mid-1995 will the final content of this government's navigation chart for the entire four-year term be known.

Nevertheless, a large portion of the present script will most likely be retained. After all, despite the criticism and bombardment that the Social Leap is about to receive, it is difficult to expect a handful of individuals without much technical support to be able to suggest a very different course of action.

The draft of the plan submitted to the public contains several of Ernesto Samper's typical hallmarks. Many of its proposals even date back to the time when the current president headed the ANIF [National Association of Financial Institutions] or, more recently, when he was in charge of the Development Ministry during the Gaviria government.

A main emphasis of the plan is to lend all the proposals an innovative conceptual basis. This is an alternative model of development that Samper had occasion to explain at the end of September, during his visit to the United Nations General Assembly. To put it in colloquial terms, it is an attempt to do things "neither too much, nor so much."

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To give a telling example, Samper is not too much of an interventionist in the economy, and not much convinced of the free market's merits.

The new way of analyzing Colombia's real situation and the solutions proposed are aimed at increasing the growth of the economy and improving the welfare of Colombians. It is noteworthy that this goal is the same one contained in the various plans throughout the country's history, with results that are now evident.

Nevertheless, the instruments are different. The plan contains particular strategies in the areas of economy, investment, competitiveness, and social spending, among others. Each of them has positive and negative components which, without going into particulars, are worth analyzing.

Perhaps the main particular feature of the Social Leap is the magnitude of the funds involved. However, apart from the 50 trillion pesos (approximately \$60 billion) that the program would cost during the next four years, what is obvious is that the Colombian state has already started dealing with large volumes of funds owing to the rapid growth that it has undergone in the past 20 years. So, the plan, with its implementation imminent, is by far the most expensive and ambitious one; and, to that extent, it is exposed as much to success as it is to failure.

The general risk in the entire strategy is associated with the method of "reconciling" accounts. If the figures are analyzed, it does not fail to be disturbing that the central sector's finances will show an enormous deterioration, taking them from a fiscal surplus to a deficit exceeding 4.3 percent of the gross domestic product. The experts consider that level dangerous for a country's economic stability.

Amid this scenario, it is valid to argue that the fiscal resources to be generated by the operation of Cusiana will somewhat reimburse the costs. Ultimately, it is expected that the consolidated public sector will show a fiscal surplus. However, the structural problem remains, especially considering the fact that a large portion of the fiscal accounts is associated with revenue that is often immeasurable: for example, that coming from privatizations, or that derived from an improved tax administration.

Another major question arises when we view the private sector's role in the success of the plan. On the one hand, the volume of privatizations should be rather large, exceeding the sum of \$3 billion: a sizable figure, considering Colombia's record in that area. Similarly, it is desired that a third of the investment in roadways be financed by the private sector, through concessions amounting to nearly \$2.2 billion. Although both objectives are laudable, the doubt remains as to whether there will be an interest on the part of the entrepreneurial sector, both Colombian and foreign, in so many things at once, regardless of how appealing they may seem.

On the spending side, the questions are not much better. As has already been noted, much of the emphasis on budgeted funds will be directed toward social programs, in areas such as education, housing, or health. Past experience indicates that one of the main problems in these sectors is related not only to the low volume of funds allocated, but also to the discouraging indexes on implementation of programs. This concern becomes particularly serious if we take into account the fact that the level of training among civil servants in the social area is as low as usual. The sector is still plagued with political appointments, poor organization, and low motivation indexes, as has been traditional in Colombia. Little is achieved by allocating more money if the inefficiency remains the same as ever.

One fear associated with the preceding is that the new funds may be spent, but competence could be left at the halfway mark. In other words, it is known that there will be an enormous pressure for sizable salary increases in various sectors. Although it is true that they may be justified in some cases, an excessive generosity could, to some extent, repeat the experience of what occurred in the justice system: better paid civil servants, but the same inefficiency as ever.

To complete this hastily drawn list, doubt still hovers over the plan's macroeconomic consistency. Although the National Planning figures show that the accounts are reconciled, what the experts think is different: "It will be difficult to achieve all of it," remarks Eduardo Lora, from Fedesarrollo [Federation for Development].

The greatest doubts are associated with a possible success in the battle against inflation and revaluation. The government's critics point out that an increase in public spending, such as the one noted, will make it very complicated to achieve a reduction in the cost of living and a relative cheapening of the peso with respect to the dollar. Conversely, if gains are made in both scenarios, it is believed that this could only occur in exchange for a reduced budget performance and even less growth.

The results of so much speculation will be made clear only by time. Meanwhile, there remains the question as to whether the proposed plan can accomplish most of its goals, regardless of how altruistic they may be. In other words, the social leap has already taken its first jump. Where it will fall remains to be seen.

Ecuador

Duran-Ballen, Delegation To Travel to Summit of Americas

PA0712133594 Quito Voz de los Andes in Spanish 1200 GMT 7 Dec 94

[From "The Voz Andes Newscast"]

[FBIS Translated Text] President Sixto Duran-Ballen will travel to the United States today to attend the

Summit of the Americas, to be held in Miami from 9-11 December. The delegation that will accompany the president is comprised by Foreign Minister Galo Leoro Franco, Industry Minister Jose Vicente Maldonado, Comptroller General Juan Carlos, [name indistinct], and Santiago Batilar, Presidency press secretary. President Sixto Duran Ballen will meet with new Mexican President Ernesto Zedillo on 9 December.

Peru

Government To Propose Repentance Law at Miami Summit

PY0712192794 Lima EL PERUANO in Spanish 30 Nov 94 p A3

[FBIS Translated Text] The document on drug trafficking that Peru will submit at the Summit of the Americas recommends the governments of the Americas to include repentance laws in their legislation to benefit drug traffickers who supply reliable, timely, and substantial information on drug trafficking activities.

This was reported by Luis Lamas Puccio, the member of the Justice Ministry commission in charge of drafting the document. He said this information should help to disrupt trafficking organizations, provide information on their operations, and identify their leaders.

The proposal adds that countries should consider the possibility of omitting from their legislation faceless judges, secret prosecutors, anonymous witnesses, and other similar procedures.

He said the document proposes doubling the statute of limitations on drug-related crimes and other drug trafficking activities.

Lamas Puccio said the document urges countries to pass legislation to encompass "a unit to control the laundering of capital" thus allowing the prompt identification of illegal activities within the banking system, the stock exchange, the financial system, or of any other financial institution and thus prevent the laundering and transference of capital obtained from drug trafficking.

Lamas Puccio said the Peruvian proposal is based on what was decided at the most recent Rio Group meeting on trafficking, on the need to draft a document encompassing reciprocal legal and police assistance, money laundering, confiscation, and extradition.

Accord Expanding Trade Accord With Colombia Signed

PY0812020794 Lima EL COMERCIO in Spanish 26 Nov 94 p E1

[FBIS Translated Text] Negotiations being held with Colombian authorities, which were designed to broaden the scope of the Trade Agreement signed by Peru and

Colombia within the framework of Resolution No. 321 of the Cartagena Agreement Commission, ended yesterday.

The decision to broaden the agreement is based on the progress made during the Third Meeting of the Binational Administrative Commission held in Lima on 6-7 July, as well as some previous specific agreements.

The expansion of the agreement will include approximately 50 products of each member country of the agreement. It was learned that Peru's request is being assessed. The request, however, does not include fish meal, because according to Colombian regulations, it should counterbalance the inclusion of some Colombian agricultural products very sensitive to Peruvian agriculture.

Of the extensive list submitted by Colombia, Peru has included articles necessary for the local industry and others that will not affect the national production.

The document extending the agreement was signed by Pablo de la Flor Belaunde, Peruvian tourism, integration, international trade negotiations vice minister, and Mauricio Reina Echeverin, Colombian foreign trade minister, on the occasion of the meeting of the Cartagena Agreement Commission.

Details of Civic Pact For Clean Elections Disclosed

PY0812003694 Lima EXPRESO in Spanish 29 Nov 94 p A2

[FBIS Translated Text] At the initiative of the Transparencia group, political organizations participating in the elections will today sign the so-called civic pact in which they commit themselves to strengthen the democratic institutions, and act with openness and honesty to guarantee clean elections.

The ceremony will be held in the newly restored San Marcos General Hall (in the university campus) at noon today.

The pact, which was prepared after a series of sessions and work meetings, contains the following terms:

Commitment for a Democratic Peru

I. Preamble

The political parties and movements participating in the 1994-1995 electoral campaign, summoned by the Transparencia group and following their firm democratic convictions before the people, the National Election Board, and the communications media, hereby sign an honor pact in which they promise:

II. Commitments

1. To guarantee and strengthen the democratic institutions as a result of the openness of the electoral process;

2. To make the electoral process a debate of ideas and programs where mutual respect between political groups and candidates will prevail, excluding personal attacks that contradict civic decency,
3. To eliminate aggressiveness and any form of violence, and to reject intimidating and repressive measures;
4. To fully contribute to the prevention of political violence by creating the conditions for exercising political rights, duties, and freedoms with real responsibility;
5. To prevent political manipulation through soft job promises, buying votes, or any other favor;
6. To prevent the direct and indirect use of state resources in favor of any political organization or candidates;
7. To fully respect political activities by public workers outside their work facilities and working hours in order to safeguard the stability of the public servants;
8. To recognize the victory and legitimacy of the winner, once the clarity of the elections and the respect for the people's will have been verified, and after the election results have been published by the National Election Board;
9. To give Peru and its elected government—from the democratic options like consensus and legitimate opposition in Congress, local governments, and the media—the necessary initiatives to strengthen democratic life, and to respect the will of the people;
10. To deliver to Transparencia all economic information, including the financial disclosure statement of all candidates for president and vice president of the parties signing this pact, so that these may be released to the public.

III. Social Communications Media

Considering its importance, we ask the social communications media to publish this ethical electoral commitment to enable the people to become familiar with it and to get their cooperation.

We advocate that all political organizations, under equal conditions, have access to the media in order to create a real democratic debate.

We call on polling companies to conduct their work using open and verifiable ethical principles that will guarantee the dissemination of objective information for the people.

IV. National Election Board

We renew our confidence on the integrity of the National Election Board. Its honesty and efficiency will guarantee the electoral process.

V. Mechanisms for Implementing the Pact

A Permanent Consultative Organization has been created to implement the pact effectively. The organization comprises one high level representative, one representative from each organization signing this pact, and two Transparencia representatives. This organization will evaluate reported violations or nonfulfillment of this pact and serve as a center for discussing various issues related to the electoral process.

The Permanent Consultative Organization will draw up its own regulations and methods for evaluating and reporting open violations of the pact.

The political organizations that sign this pact will adopt the necessary mechanisms to make the ethical electoral principles and commitments known and respected by their rank-and-file.

The document is signed by the representatives of the different political organizations participating in the elections and by representatives of Transparencia.

The Political Organizations:

Change 90-New Majority; Peruvian Movement to the Year 2000; Peace and Development Movement; United Left; Peru's Alternative Movement; Union for Peru Movement; Democratic Coordinating Movement-Peru Viable Nation; Popular Action Party; Popular Agricultural Front of Peru; American Popular Revolutionary Alliance; National Reconciliation Front; Popular Christian Party; New Peru Movement; Reformist Party of Peru; Obras Civic Movement.

Transparencia Representatives:

Luis Jaime Cisneros Vizquerria, president; Alberto Giesecke Matto, vice president; Salomon Lerner Ghitis, coordinator; Felipe MacGregor R.S.J., director; Francisco Miro Quesada C., director; Cesar Landa Arroyo, director; Pepi Patron Costa, director.

Uruguay

Sanguinetti Interviewed on Trade Blocs, Politics

PY0612221694 Asuncion NOTICIAS in Spanish 1 Dec 94 pp 62, 63

[Interview with President-elect Julio Maria Sanguinetti by NOTICIAS special correspondent Rafaela Guanes, in Montevideo on 30 November]

[FBIS Translated Excerpt] [passage omitted] [Guanes] Dr. Sanguinetti, how can the partners with smaller economies—like ours—jointly face the challenge of Mercosur [Common Market of the South]?

[Sanguinetti] The Treaty of Asuncion [which established the Mercosur] unfortunately did not include a special statute for countries with less-developed economies—like Paraguay and Uruguay. This will cause a weakness in the implementation of the treaty. In Europe, the more powerful nations—France and Germany—had a higher

standard of living, but they also had a greater fiscal and social cost. When Greece, Spain, and Portugal—relatively weaker economies—joined the EEC, they did so under a special status and with a competitive advantage of lower wages.

[Guanes] And in the case of Uruguay?

[Sanguinetti] Well, ... we are in a tight spot because we have a relatively high standard of living and our burden of taxation and social security is quite heavy for the region. This integration effort may thus become an opportunity for countries to grow together, or to achieve equalization by lowering our sights.

[Guanes] Mercosur is, therefore, a great challenge.

[Sanguinetti] A major one! We assumed this challenge with optimism because we are confident of the Mercosur prospect. Nevertheless, we insist that we must struggle and work hard so that those countries whose economies cannot compete on an equal footing may really—not just in theory—develop.

[Guanes] Can we achieve some sort of financing that will enable us to compete with the other Mercosur partners?

[Sanguinetti] I have not thought about that. I thought more about the handling of exceptions, safeguards, and timetables so that the country's industrial retrofitting may be completed. Financing may indeed play a central role when embarking on the transformation process our countries need.

[Guanes] Do you think Paraguay and Uruguay could achieve some complementary aspect in their bilateral trade—our meat, soybean, or cotton, with your wool or grain—which would give us more weight and therefore place us in a better position to face other strong economies?

[Sanguinetti] I would like to make two comments on that—we should not establish blocs, small countries versus large ones, because this approach is neither efficient nor realistic. Paraguay and Uruguay may have similar interests in some areas, but in others they may not. Argentina may agree with Brazil on some matters, but it also has more serious problems than ours when competing against Brazil. In other words, the existence of this network of relations, balances, and imbalances leads one to conclude that one should not establish blocs within partnerships like the Mercosur.

[Guanes] Should this have been foreseen in the Treaty of Asuncion?

[Sanguinetti] Well, as I have already mentioned, this subject was not objectively discussed in the Treaty so as to allow small partners some concrete exceptions. And yet, this does not preclude the fact that Paraguay and Uruguay may try to take full advantage of their trade and integration possibilities, in the same way we do with Argentina or Brazil. Unfortunately, our governments

and businessmen have not been sufficiently aggressive in developing this relationship.

[Guanes] We are well aware that river freight is cheaper. This puts Paraguay at a disadvantage. Would it be possible to have a special deal with Uruguay that would grant us easier access to ports like Nueva Palmira, for example?

[Sanguinetti] In our previous administration, we worked a lot towards that goal. We tried to give Paraguay special treatment. This is quite likely now and may be pursued even further. It is our considered opinion that the [Paraguay-Parana Rivers] waterway is of utmost importance and that our ports constitute an asset at the domestic and regional level. This is how we approach this issue.

[Guanes] The general election on 27 November changed the political scene in Uruguay from a long-standing two-party system to a three-party system. What is your assessment of this situation?

[Sanguinetti] I would venture to say that this is not new. Changes already took place in the previous election, considerably altering Uruguay's two-party structure. Non-traditional parties then polled more than 30 percent of the vote and the leftist coalition won the Montevideo mayoralty. This trend continued to consolidate in the latest elections—the third political force was nearly voted in—but this was basically already on the horizon.

[Guanes] You have always been in favor of dialogue and of working out agreements. I remember you mentioned the case of the Paraguay Government, which does not have a majority in Congress. That situation now occurs in Uruguay. I have read that you are already talking about the need for agreements. What is the outlook for the government within this new framework following this tight election?

[Sanguinetti] We have not yet settled anything, but we want agreements because they are a must. The government must pull its weight by being flexible, self-sacrificing, and responsible. The entire political system, however, must also share in this responsibility since we are obliged to make democracy work. If our system has led to this political fragmentation, it is essential to reach a consensus and secure a majority that can govern.

[Guanes] What sort of agreements would you hammer out? Does the Constitution contemplate this situation?

[Sanguinetti] Our Constitution provides for a presidential government; coalition governments resulting from parliamentary agreements are typical and peculiar to parliamentary governments. This is not the Uruguayan case, but nothing prevents the government from working out agreements and nominating cabinet ministers who do not belong to the ruling party.

[Guanes] How can this be achieved positively?

[Sanguinetti] I do not believe in arithmetic distribution or political power quotas. A team, a cabinet, must have some cohesion and unity; if not it becomes impossible to manage. If, in addition to congressional fragmentation, we also have ministerial fragmentation, it will be very difficult for the government to work. The point is that electoral systems are not neutral, they either concentrate and unify two trends, like a majority trend; or they disperse and fragment, like the proportional representation system.

[Guanes] Governability is still very important, both in Paraguay and in Uruguay.

[Sanguinetti] It is fully effective; especially in Uruguay, which has a political spectrum split in three—a situation that Political Scientists describe as extremely difficult.

[Guanes] Are there any precedents in Latin America?

[Sanguinetti] There were three equal forces in Chile, before Pinochet. An imbalance was prompted by the left's victory. This is not tantamount to saying that Uruguay may experience a situation similar to that of Chile because the historical context and the situations are different. I am saying that governability is more difficult when there are three equal forces. Therefore, this issue is very current in Uruguay.

[Guanes] How will you resolve the dilemma faced by some Latin American countries—which have democracy with hunger?

[Sanguinetti] This represents another priority. When the people ask the government to be efficient yet they see endless congressional discussions, the absence of measures, laws that are not approved, and the unending speeches that solve nothing, they begin to lose faith. This is very bad for democracy.

[Guanes] You are an expert in military issues. What are the prospects for military candidates in Latin America?

[Sanguinetti] In Uruguay, there have been military candidates throughout history, but always within a party. This possibility cannot be ruled out. We have had military presidents under democratic systems. Retired military officers have become engaged in politics and have even become presidents.

[Guanes] What about military officers on active duty?

[Sanguinetti] No. Military officers on active duty cannot become candidates. They are not allowed to become engaged in politics. This is a constitutional provision. [passage omitted]

[Guanes] How important is the judicial branch in a transition process?

[Sanguinetti] It must be independent and act as such. The Uruguayan judicial branch is not influenced by pressure. The judicial branch is a government branch and must contribute to the stability of the institutions.

The judicial branch passes judgments, but it has also other functions. In passing judgments, however, it must act wisely and contribute to governability. In this field, our experience has been satisfactory.

[Guanes] It is also very important to fight corruption ...

[Sanguinetti] In Uruguay, fortunately, corruption has not been a chronic problem, but episodes have occasionally been reported as anywhere else in the world. Nevertheless, it is important to remain vigilant to the surfacing of these problems. The best antidote is great honesty, great freedom of the press, and great dissemination of all administrative decisions. [passage omitted]

[Guanes] How do you view women in politics?

[Sanguinetti] Very favorably, and we have greatly promoted it.

[Guanes] Briefly, as president-elect, what do you believe is your greatest challenge?

[Sanguinetti] For Uruguay to progress from being a national to a regional economy.

Venezuela

Caldera Discusses Summit at News Conference

PA0712230094 Caracas EL UNIVERSAL in Spanish 7 Dec 94 p 7

[Unattributed report on news conference by President Rafael Caldera with foreign reporters on 6 December; place not given]

[FBIS Translated Text] President Rafael Caldera held a news conference yesterday with reporters accredited in Caracas and spoke about the Miami summit. The president will travel to Miami tomorrow.

Caldera said that there has not been such a meeting in many years.

We have insisted on fighting corruption, not only as a domestic problem that afflicts our countries, but also to create a commitment of solidarity among all countries of the hemisphere and beyond to check the impunity enjoyed by those who commit crimes against the treasury, be they in the public or private sector. This commitment will facilitate the recovery of assets illegally taken from the treasury and the national community and allow the arrest of people who have committed this crime.

A declaration in this regard has received a great deal of support from most of the countries in the hemisphere, specifically from the U.S. Government, which has repeatedly expressed its solidarity with this commitment.

As Venezuela is the hemisphere's biggest oil producer after the United States, our country is interested in an agreement to find ways to grant energy securities to the

hemisphere. We would view a commitment on this as well as on a plan of action that would include meetings between sectors related to this field as an important achievement. The strengthening of the democratic system is a key element in these types of meetings, especially in this Miami meeting. A commitment to strengthen and sustain the democratic system implies, in our opinion, a commitment to struggle against poverty. We consider a discussion of the struggle against poverty at the summit very important. The summit should issue a declaration committing countries both nationally and at the hemispheric level to take the necessary measures to resolve the situation endured by large segments of the population in Latin America and the Caribbean.

In general terms, these are the three main points upon which Venezuela has focused its concern. Some national commentators think that bilateral issues such as the access of our reformulated gasoline to the U.S. market should be discussed, but the meeting is not organized for bilateral discussions among the various states. We have presented this matter at GATT, and we will present it to the new World Trade Organization which will replace GATT based on the conclusions of the Uruguay Round.

In general terms, the Latin American countries support the idea of free trade. We propose a review of the position of those who, invoking alleged environmental motives or other protection arguments—which could lead negotiators into discussing “dumping” formulas—close the market doors of the hemisphere's richest countries to developing countries, thus forcing the latter into very costly and prolonged law suits to secure a favorable legal decision, but only after the Latin American exporters have suffered severe damage, severe harm. This proposal was also made at the UN General Assembly by various Latin American heads of state, specifically the president of Colombia and the foreign minister of Brazil, who have touched upon this matter, which is a very sensitive issue for the Latin American countries.

Asked what Venezuela expects from the Miami summit, Caldera answered:

We expect a categorical declaration on the struggle against corruption. This struggle against corruption implies a definite internal commitment by all nations to take measures to eliminate this scourge, which has done and is still doing much harm to the countries of the hemisphere. It also implies a commitment to allow investigations into bank deposits and into financial activities by criminal organizations, which will pave the way for extradition procedures, which will in turn enable those suspected of involvement in these activities to be tried by competent courts. Traditionally, there has been a certain degree of leniency with respect to the issue, since corruption has been considered primarily a political occurrence. In general, most countries are disinclined, for political reasons, to extradite nationals who are out of their respective country. Thus it is necessary to

establish that we are not dealing with political but common crimes. This would facilitate the process of capturing and sending those responsible to trial.

There has been a traditional inviolability of banking secrecy. Fortunately, that is being revised. It makes it impossible to satisfactorily investigate bank accounts that stem from acts of corruption. We feel that a declaration calling for a commitment to facilitate the investigation of bank deposits is of great importance. We are referring specifically to corruption. In that regard, there is something very important: In both the United States and the EU, it has already been accepted as a very important step to declare payment of commissions for contracts to public employees illegal. Until now, it has been common practice in developed countries that public or private enterprises normally include as part of their expenses when signing contracts abroad a percentage that must be paid as commission to officials involved in the transaction. Declaring the payment of commissions an illegal and punishable act is gaining support in developed nations.

We believe that a declaration on the need to establish guidelines to protect energy resources in the hemisphere is very important. Venezuela knows that it has the largest reserves in the hemisphere. It also knows that in case of a deficit of energy in the hemisphere, in any emergency situation, Venezuelan petroleum will be used to supply the energy needs of all the other countries on the continent. Recognizing this fact should guarantee, in a reasonable way, investment in and protection of the energy policy applied under normal conditions and in peacetime.

Caldera said his government has been promoting the struggle against poverty and has viewed with satisfaction the recognition of that concern by institutions such as the World Bank and the IMF.

Asked to comment on the subject of oil, Caldera said:

The energy issue has been proposed during several preparatory meetings for the Miami summit, and there have been different opinions when analyzing the topic. We have finally agreed on the need to discuss the subject and recognize the importance of protecting the hemisphere's oil reserves. We have also agreed on the urgent need to hold meetings of energy ministers, energy producing enterprises, and other sectors closely linked to the problem. Very interesting matters undoubtedly will be discussed at those meetings, and Venezuelan oil cannot be excluded.

The Integration Issue

A Brazilian journalist asked if the fact that some countries have excellent economies while Venezuela is experiencing a crisis is not affecting integration. The president answered:

On the contrary, I believe this difference supports integration. For example, when we had a flow of money that

was not being duly used for the country's growth, our international trade, our balance of payments was not favorable because our money was being used to cover the deficit in sister countries, the neighboring countries. On the other hand, under the depressed situation that our country is experiencing, the commercial balance has favored us. For example, Brazilians in Boa Vista who have money do not even want to receive dollars but are paid in local currency. They buy bolivares and buy many products in the border region.

When the bolivar was a strong currency and the Colombian peso was weak, our trade balance with Colombia was unfavorable. Now that the Colombian peso is stronger and the bolivar weaker, our trade balance is favorable because the Colombians have plenty of money to purchase Venezuelan goods.

Therefore, the differences in the economic situation do not have to be obstacles to trade and integration but actually promote economic relations.

Caldera was asked if he would be willing to change his economic model. He answered:

Well, I believe each country has to face its own situation. Each country has its own conditions and its own solutions. Without disregarding the benefit of seeing the experiences of other countries, we have rejected the idea of copying other countries' recipes or the formulas that certain international organizations may be trying to impose. We have faced Venezuela's problems with a Venezuelan conscience and according to the needs and resources of Venezuela. For the sake of the economy, I can tell you that the worst habit presidents and economists can have is to impose deadlines. Generally they set deadlines and then try to explain why they were not met. What we can set are guidelines. For example, the exchange control measures we were forced to impose to avoid a catastrophe of uncontrolled capital flight following the crisis in the banking system were more rigorous at the beginning but are now being favorably modified. Facilities are being granted according to the country's possibilities. Of course, our intention was not and is not to impose an artificial control regimen but simply to avoid capital flight following the banking crisis.

Now, the country's economy is showing results and is moving toward greater liberalization. There is currently no obstacle to the freedom to invest. We have guaranteed investors the right to repatriate their capital and to export their benefits. All of this, of course, within the guidelines established in any healthy economy, guidelines that any European country or any country in the world could establish. It would be irresponsible of me to set deadlines, but I can set the course we are going to take and I can guarantee it with facts. You can ask any member of the economic sector who is not predisposed to adverse positions, and he will tell you how the exchange system is becoming increasingly more flexible and how there have been no restrictions on international trade.

As for the restoration of guarantees, Caldera said they will be maintained so certain economic measures can be adopted, but there have been no attacks against public freedoms. There is freedom of the press, expression, assembly, and so forth.

The president had this to say about exchange controls:

We do not like exchange controls or the control system. During my inauguration speech I announced there would be no exchange control; that was our firm goal then. At that time, we never imagined that the financial crisis would reach the magnitude, the extent, and the severity that it did. There was no other choice than to take the measure because after several weeks of testing various mechanisms proposed by experts at the Central Bank of Venezuela, the conclusion was reached that drastic measures had to be taken. There was no way to halt the loss of our international reserves by other mechanisms, no matter how ingenious they were.

As you have said, and it is true, the international reserves have been recovered, which opens up new, quite favorable prospects. We believe that the best way to return to the free exchange system is progressively. A sudden decision and setting a deadline for suspending controls could make us fall into a serious situation that would then be even more dangerous than the previous one.

Regarding the coming ministerial changes, the president said there are two very important things people bet on in this country: the five-and-six at the race tracks and the possibility of cabinet changes. Nevertheless, it is a delicate issue and the ministers all know they will not last the full five-year term.

With the Monetary Fund

The head of state responded to one question as follows:

I see no problem in having relations with the IMF. We have, of course, spoken with the envoys they have sent here and with their specialists. I see no problem in talking with such an important organization. That does not mean I am ready to submit meekly to whatever request they make if the government disagrees. It would seem that your question, in mentioning a specific document, is referring to a letter of surrender. I do not think such a thing has been presented and seems further and further away. Those who said we would have to sign a letter of surrender are those who said that our reserves would soon dwindle and that we would have to go crawling back to the IMF and beg them to save us. Fortunately, that is not the case, nor do I believe it will ever be.

Responding to other questions, he said: Venezuela has not yet ratified the G-3 [Group of Three] Treaty signed in Cartagena because of the resistance it met in the Senate Foreign Relations Committee. The committee members do not know Mexican President Ernesto Zedillo yet, but they are sure a personal and beneficial

relationship between the two countries will begin at the Summit of the Americas in Miami.

Caldera Reportedly Expels 2 Officers for Intelligence Leak

PA0712015494 Caracas EL NACIONAL In Spanish 6 Dec 94 p D-5

[Article by Javier Ignacio Mayorca]

[FBIS Translated Text] President Rafael Caldera has reportedly expelled Rear Admiral Mario David Yanez, former intelligence director of the Joint Chiefs of Staff, and his deputy, Lieutenant Colonel Jesus Enrique Diaz, from the Armed Forces for leaking confidential information from that strategic directorate.

EL NACIONAL learned that the chief of state reportedly made this decision last weekend after an investigative council handling the two officers' case forwarded the matter for the president's consideration.

The DIM [Military Intelligence Directorate] accused these two military men of masterminding a campaign to discredit the executive branch.

Defense Minister Denies Report

PA0712032994 Caracas Union Radio Network in Spanish 2200 GMT 6 Dec 94

[From the "Union Radio News" newscast]

[FBIS Translated Text] Defense Minister Rafael Montero Revette has denied that Rear Admiral Mario Yanez and Commander Jesus Diaz [title as received] have been dismissed. These officers of the Defense Ministry's Intelligence Directorate were separated from their posts to be investigated for information leaks.

[Begin Montero recording] That report appeared in a Caracas newspaper, but I do yet have the official information upon which the president will base his decision. He has not informed me of his decision, so any reports on this are false. [end recording]

The results of these investigations will be turned over to the president so he can make a decision. These officers were separated from their posts more than a month ago and no decision has yet been made.

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